The NATIONAL UNDERWRITER

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Regulation Is Asked For What It Can't Be Expected To Deliver

By KENNETH O. FORCE

(Talk delivered at annual meeting of American Mutual Insurance Alliance in Chicago.)

Part One

This is not an intent to damn all regulation and all regulators. We have had and now have some capable commissioners, even some who are brilliant and courageous. There are some departments that are well operated. A few are almost adequately manned.

Neither is this advocacy of no-regulation. Regulation is essential. Some governmental facility such as a commission will be peering over your shoulder permanently.

But when state regulation of insurance met its toughest test in the upsurge of automobile liability rates, it demonstrated several weaknesses. These, on examination, appear to be basic.

Has price regulation of the fire and casualty business really satisfied the public? Judging by the groans and laments rising at Miami, Providence, Denver, Atlanta, and elsewhere, no.

Has it performed in such a way as to do substantial justice to the vital economic function of insuring? Judging by the groans and laments of the insurance business from New York, Tennessee, Utah, Massachusetts, Arkansas and elsewhere, no.

No Price Stabilization

Those companies (and agents) that hoped to get stabilization of price and form out of regulation have been disappointed.

Those companies (and agents) that want to go their own way, for competitive and other purposes, complain that the processes of regulation delay, hamper and hobble them.

Three criticisms of regulation seem worth exploring:

1. Price regulation subjects an essential business to the standard of politics instead of economics.

2. The insurance department, along with most governmentally created agencies, constitutes, at best, a secondary entity which is no better at the federal than at state level—if as good.

3. The experience of recent months raises doubt whether there ought to be price regulation of fire and casualty insurance at all.

Departments Overworked

Perhaps the source of most of the problems that beset the relationship of regulator and regulated, and that appear to be indigenous to regulation, lies in the fact that insurance departments, being secondary in character, are trying to do too much. The business may be looking to regulators for more than regulation can or should be expected to deliver.

If the business were to rely on

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H. S. Pinkerton Heads Oklahoma Agents' Assn.

Year Of Accomplishment Cited; Outlook Bright, Speakers Agree

Harlan S. Pinkerton, Tulsa, was elevated to the presidency of Oklahoma Assn. of Insurance Agents at the annual convention in Tulsa last week. Mr. Pinkerton has been president-elect and chairman of the executive committee during the past year. He was chairman of the legislative committee for four years and is given much credit for the passage of the new insurance code adopted last year by the Oklahoma legislature. The code is recognized as one of the most up-to-date codes of insurance law and it was the longest single bill ever passed in Oklahoma.

Reinmiller On Deck

Other officers elected were James L. Reinmiller, Hobart, president-elect and executive committee chairman; E. M. Burk, Enid, vice-president, and Stanley Whitehurst, Oklahoma City, reelected secretary-treasurer. Elected for two year terms on the executive committee were Lary Kephart, Buffalo; Phil Perdue, Stillwater; Paul Tharp, Ponca City. Charles Fassino of McAlester was reelected for two years. Hold-over members are John Kiper, Clinton; Jodie Williams, Ardmore; Wayne Smith, Lawton; and Noble Smith, Tulsa. Carroll Swickey continues as executive secretary.

Mr. Pinkerton received other recognition at the meeting when Iota Nu Sigma insurance fraternity of Oklahoma State University presented him with their insurance "Oscar" award, Oklahoma's most coveted recognition for an insurance personage. In presenting the award, Charles Goodin, an Oklahoma State senior from Lawton, cited Mr. Pinkerton for his work in educating legislators, insurance people

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E. E. Erickson Heads Pacific Board

New officers of the Pacific Board elected at the annual meeting in Santa Barbara; Left to right, A. J. Stocklmier, London & Lancashire, chairman of the governing committee; Ernest E. Erickson, Reliance, president, and Clyde M. Marshall, Aetna Fire, vice-president.

Ernest E. Erickson, vice-president and Pacific coast manager of Reliance is the new president of Board of Fire Underwriters of the Pacific, with Clyde M. Marshall, Aetna Fire, vice-president, and A. J. Stocklmier, London & Lancashire, chairman of the governing committee.

New members of the governing committee are Woodward Melone, Fireman's Fund; Phil D. Richards, Richards & Co; Don E. Waggaman, Commercial Union; Walter P. White Jr., Aetna Casualty. One year alternates are Carl N. Homer, Deans & Homer; Bert J. Oswald, Pearl, and Sam T. Shotwell, North British.

The annual meeting was marked by a close examination of studies of present conditions and studies being made toward reduction of costs of operation.

In his address as retiring president, William B. Miller, American, emphasized that the inflationary spiral since 1946 has created chaotic conditions in the insurance business owing to increasing costs of construction, new, fancy and expensive designs of autos, slow collection of statistics and delays in making rate adjustments to meet these conditions.

Asks Less Self-Interest

He suggested more study, more concentrated thought and a realization that unwise competitive moves offer only temporary advantage. A "little less unenlightened self-interest" may be a partial solution.

John Bunting, chairman of the actuarial and research committee, said the new all-purpose endorsement, recently adopted, has proved successful and within the short time it has been

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Free Competition Is Senate Inquiry Aim, Says Probe Counsel

In the question and answer period following his formal talk to the insurance conference at New York of American Management Assn., Donald P. McHugh, counsel to the anti-trust and monopoly subcommittee of the Senate, was queried on the extent of possible federal regulation and on a national rating organization. The tone of his replies to all questions reflected the subcommittee's interest in promoting competition in the business.

One questioner asked if Congress

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The Buckeye Union group agents school awarded its diploma to the 1000th graduate recently, Phillip B. Miller of Kalamazoo. The 28th session of the school had an enrollment of 37 agents from six states. Sessions have been held semi-annually for 13 years. The school started as a refresher course for returning servicemen. Mr. Miller is pictured (center) receiving his certificate from S. W. Schellenger (left), superintendent of agents, while John A. Dodd, executive vice-president of Buckeye, looks on.

1958 Argus Chart Shows Twice The '56 Underwriting Loss

Surplus Drop For 757 Companies Reported On Is Whacking $483 Million

By ARTHUR W. RIGGS

The 1957 loss from underwriting by the 757 companies of all kinds tabulated for the 1958 *Argus Fire Chart* was $135,627,740. This was before dividends to policyholders of $84,619,080 and compares with a loss from underwriting in 1956 by 785 companies of $55,809.024. This loss combined with an adverse investment market at year end resulted in a decrease in surplus to policyholders of $483,686,159, bringing the surplus total down to $5,233,-408,200.

While the companies have been suffering these losses they have continued to increase the premium volume. Net premiums written by the 757 companies reached a high of $4,480,966,224 which is 4.9% higher than the $4,269,-346,548 reported by 785 companies a year ago. Premiums earned increased accordingly, as did the losses and underwriting expenses. The loss ratio of losses and loss expenses incurred to premiums earned was 62.2, up from 60.4 for 1956. The ratio of underwriting expenses incurred to premiums written was 39.8, down 1% from 1956.

Stock Companies

The totals of 423 stock companies that are included in the figures quoted above follow much the same pattern with a loss from underwriting of $205,112,671 and a decrease in surplus of $484,090,231. Net premiums written increased 5.25% from 1956 to $3,794,-163,105; premiums earned increased $163,051,046 to $3,681,963,870 and the

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First 50 Insurers Of 1957 Ranked By Premium Volume

The 50 largest fire and casualty insurance companies in the United States on the basis of net premiums written are listed below. The compilation was prepared by the statistical department of the National Underwriter Co.

Travelers maintained its leadership as the largest insurer, and no changes in order take place until seventh position, now occupied by Travelers Indemnity following its absorption of Travelers Fire.

In other significant moves, St. Paul F.&M. is in 18th position, having merged with St. Paul-Mercury Indemnity. Zurich went ahead five places, General of Seattle nine places.

A $32 million reduction in premiums of American Auto dropped that company from 25th to 50th position, and National Fire, doing some rearranging of its business, went from 30th to 44th.

Newcomers to the list are Niagara Fire in 38th place and Reliance, representing the merger of the Fire Association group, in 47th. Dropped from the list of the first 50 this year are Travelers Fire and Michigan Mutual Liability.

The columns at the left show the rankings of the companies in 1956 and 1957 respectively.

The listings do not take in the exclusively A&S writers such as Mutual Benefit H.&A., Combined of Chicago, Massachusetts Protective, etc., that report on the life statement form.

Rank '56	Rank '57	Company	1957 Premiums $
1.	1.	Travelers*	483,447,139
2.	2.	State Farm Mutual Auto	329,751,744
3.	3.	Allstate	287,201,172
4.	4.	Liberty Mutual	285,335,322
5.	5.	Aetna Casualty	268,309,496
6.	6.	U.S.F.&G.	250,129,356
10.	7.	Travelers Indemnity	243,082,610
7.	8.	Continental Casualty	238,901,689
8.	9.	Hartford Accident	218,204,437
9.	10.	Home	189,495,596

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Chicago Brokers Hold Mass Protest Rally

By JOHN BURRIDGE

Insurance Brokers Assn. of Illinois was the sponsor of a weird sort of gathering in the Chicago Board auditorium last week. Billed as a "mass meeting" to which all in the business were invited to air their views on commissions, rates, markets, etc., it turned out to be—to the surprise of very few—a verbal hanging in effigy of the insurance companies. After the first hour had passed, half the audience had left, realizing that nothing was going to be accomplished.

The meeting lasted a little longer than two hours, and in that time 12 questions from the floor were asked and about half of them answered. There were no possible answers for some questions, but that was relatively immaterial since the principal interest of most of the questioners was to make a statement or simply to castigate the insurers in public.

Brokers In A Squeeze

Without doubt, the Chicago brokers are in a squeeze. Commissions have been reduced by a number of companies on auto, and the market is practically non-existent for PPF, homeowners (in certain areas), and auto. At least one large company has done enough cancelling of business (reportedly in excess of $4 million) to aggravate the problem seriously.

But the meeting that was held last week, by its nature, could be nothing more than a means by which brokers could let off steam. That company managers were well aware of this was indicated by the few who turned out—three. Most of the managers had received personal telephone calls from broker leaders urging them to attend, but this was a case where discretion was definitely the better part of valor. The confused tone of the whole affair was set by the presiding officer, C. J. Bassler Jr., president of the brokers

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Drive Other Cars Cover Cut In New Family Auto Policy

Many Other Changes Are Made In Revision, UM Endorsement Included

By JAMES C. O'CONNOR

The long awaited revision of the family automobile policy became effective in most states May 1. Probably the most important changes are the cutting down of drive other car liability coverage, similar to what was done in physical damage insurance last fall, and the incorporation of uninsured motorist coverage as an optional feature. The format is the same as the original 1956 edition, with the same sections, headings and heavy reliance on definitions.

In the new policy, there is no liability or physical damage coverage on non-owned automobiles furnished for the regular use of the named insured or any relative. This was one of the most controversial features of the original policy, which had no restriction on coverage of non-owned automobiles for the named insured or spouse, although it did not provide as broad coverage for relatives living with them. The change is accomplished by incorporating this restriction into the definition of "non-owned automobile."

Took Change For Granted

Observers took it for granted that this change would be made in liability insurance when the comparable change was made in PHD cover by endorsement last October. The major objection of underwriters was that they were, in effect, providing primary liability insurance on automobiles owned by states, municipalities and other public bodies which did not

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TOTALS

Including ALL COMPANIES whose figures are shown in the Argus Fire Chart, EXCEPT those companies for which reference is made to the Argus Casualty Chart. REINSURANCE companies include only the stock companies doing an exclusively reinsurance business. ACCESSORY LINE TOTALS include fire business of all stock companies in table on pages 132-143.*

FINANCIAL REPORT

	Number of Co's.	Year	Assets	Liabilities	Surplus to Policyholders	Net Premiums Written
All Companies	757	1957	10,925,768,606	5,692,360,406	5,233,408,200	4,480,966,224
(Excluding Factory Mutuals)	785	1956	11,223,577,415	5,501,541,472	5,722,035,943	4,269,346,548
Stock Companies	423	1957	9,560,096,575	4,942,695,813	4,617,400,762	3,794,163,105
	423	1956	9,851,940,629	4,752,560,928	5,099,379,701	3,604,819,899
Foreign Companies—U. S. Branches	56	1957	743,163,593	454,420,509	288,743,084	330,798,186
(Included in Stock Companies)	59	1956	707,022,836	420,552,517	286,470,319	289,875,641
Reinsurance Companies	37	1957	371,534,533	233,988,140	137,546,393	174,861,328
(Included in Stock Companies)	38	1956	361,155,355	215,709,506	145,445,849	155,816,320
Mutual Companies	307	1957	1,251,271,358	688,196,701	563,075,657	635,387,273
(Excluding Factory Mutuals)	321	1956	1,254,846,459	684,863,342	569,983,117	605,957,636
Reciprocal & Lloyds	27	1957	114,400,673	61,468,892	52,931,781	51,415,846
(Fire & Allied Lines only)	41	1956	116,790,327	61,117,202	52,673,125	58,569,013

OPERATING REPORT / NET RESULTS

	Year	Premiums Earned	Losses & Loss Exp. Incurred	Underwriting Exp. Incurred	Ratios to Premiums: Losses to Earn	Ratios to Premiums: Exp to Writ	Combined Loss & Exp.	Net Gain from Underwriting	Dividends to Polcyhldrs.	Increase in Surplus
All Companies	1957	4,356,755,801	2,710,118,659	1,782,264,882	62.2	39.8	102.0	—135,627,740	84,619,080	—483,686,159
(Excluding Factory Mutuals)	1956	4,162,122,651	2,512,631,426	1,705,300,249	60.4	39.9	100.3	—55,809,024	....	—11,506,556
Stock Companies	1957	3,681,963,870	2,342,891,845	1,544,184,696	63.6	40.7	104.3	—205,112,671	8,422,622	—484,090,231
	1956	3,518,912,824	2,169,120,358	1,469,914,325	61.6	40.8	102.4	—120,121,859	....	—22,842,100
Foreign Companies—U. S. Branches	1957	321,726,838	205,322,590	141,133,606	63.8	42.7	106.5	—24,729,358	5,806	—26,901,337
(Included in Stock Companies)	1956	286,748,439	177,776,318	125,209,249	62.0	43.2	105.2	—16,237,128	....	—2,888,481
Reinsurance Companies	1957	164,449,463	96,578,595	73,058,887	58.7	41.8	100.5	—5,188,019	8,271	—84,931,991
(Included in Stock Companies)	1956	148,890,910	87,372,834	65,786,351	58.7	42.2	100.9	—21,586,483	....	—858,001
Mutual Companies	1957	623,375,931	344,421,734	218,668,367	55.3	34.4	89.7	60,285,830	70,416,089	—1,257,169
(Excluding Factory Mutuals)	1956	584,695,075	315,286,238	211,311,399	53.9	34.9	88.8	58,097,437	....	10,661,405
Reciprocal & Lloyds	1957	51,416,000	22,805,080	19,411,819	44.4	37.8	82.2	9,199,101	5,780,369	1,661,241
(Fire & Allied Lines only)	1956	58,514,752	28,224,829	24,074,525	48.2	41.1	89.3	6,215,398	....	674,139

ACCESSORY LINES IN 1957 *

Premiums and Losses of all Stock Companies writing Fire Lines (Figures in thousands—000 omitted)

515 Companies

	Premiums Earned	Losses Incurred	%
Auto Phys. Damage	1,205,063	708,370	58.8
Ocean Marine	195,090	132,758	68.1
Inland Marine	308,488	177,649	57.6
Extended Coverage	488,913	244,441	50.0
Total Accessory Line	2,503,244	1,438,665	57.5
Fire	1,342,133	691,323	51.5
GRAND TOTAL	3,845,377	2,129,988	55.4

	Premiums Earned	Losses Incurred	%
Other Allied Lines	17,146	7,377	43.0
Growing Crops	62,554	42,079	67.3
Aircraft Phys. Damage	14,839	11,140	75.1
Homeowners	134,760	69,572	51.6
Miscellaneous	76,391	45,269	59.3

* These "Accessory Line" figures exclude all casualty business except as included in "Homeowners" and consequently differ from the Stock Company totals in the Operating Report above.

FACTORY MUTUAL FIRE COMPANIES

	1957	1956
Assets	317,208,895	305,838,536
Liabilities	159,592,696	151,182,678
Surplus to Policyholders	157,616,199	154,655,848
Premium Deposits in Force	286,336,504	271,152,910
Losses Incurred	30,090,503	21,979,947

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La. Agents Study Competitor And Federal Threats

Advance Schlesinger To President At Convention In Edgewater Park

EDGEWATER PARK, MISS.—Threats of federal intervention in state regulation of insurance and the pressing need for the business to present its cause positively to the public, especially in the automobile field, were the major matters discussed in four open sessions of the annual convention of Louisiana Assn. of Insurance Agents here last week with a registered attendance of 450.

Election Follows Precedent

In association affairs, precedent was followed in the election of officers with A. L. Schlesinger Jr., New Orleans, advancing to the presidency to succeed I. T. Hart, Lake Charles, who was named to the executive committee. Other top officers are: Vice-president, Phil Jacobs, Alexandria, and secretary-treasurer, Felix L. Aucoin Jr., Vacherie.

By resolutions the association reaffirmed its full support of the national association's "Big I" ad program, now under way, and formally adopted the stand of the Southern Agents Conference in opposition to unilateral action by companies in revising agency

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North America To File Independently In Washington

North America has notified Washington Surveying & Rating Bureau that while the company wishes to continue as a subscriber purchasing services with respect to rates and forms, it will hereafter make its own filings. Coincidentally, Commissioner W. A. Sullivan also has been notified of this action withdrawing the authority previously made for filings by the bureau.

This action by North America is taken in accord with its policy of independent rate making. About half the company's fire business in the U. S. is on an independent basis.

On April 30, 1958, Commissioner Sullivan ruled that North America cannot legally make independent filings while remaining a subscriber to the bureau. North America indicated it probably will demand a hearing.

Swett & Crawford To Write Only Surplus Lines; Elects Spencer

Swett & Crawford, a pioneer in the surplus lines field, is confining its operations to surplus lines, effective May 1. The agency has also named John C. Spencer president and has elected other new officers.

Elected to new posts were W. E. Sibley, executive vice-president, Leland B. Swett, vice-president and secretary-treasurer, and Joseph T. Ryan, vice-president. The latter also continues as president of surplus line adjusting.

400 Attend Rally Of Independent Adjusters At Boston

More than 400 independent adjusting organizations were represented at the annual convention of National Assn. of Independent Insurance Adjusters at Boston.

Addresses by 12 speakers, a luncheon, a cocktail party, a golf tournament and a banquet and dance were highlights of the program.

Speakers included Ray Murphy, general counsel Assn. of Casualty &

Joseph M. Cashin (right), president of National Assn. of Independent Insurance Adjusters, receives from Gordon Davis of Mutual Loss Research Bureau the first copy of the new "Program of Procedures and Standards for Independent Adjusters and Member Companies."

Surety Companies; Geoffrey Nicoll, assistant secretary Merrimack and Cambridge Mutuals; William H. Woodland, editor the *Standard;* R. M. Ryan, Frank L. Erion Co., Chicago; William H. Rodda, secretary Transportation Insurance Rating Bureau; William R. Sherlock, counsel American Mutual Insurance Alliance; Richard C. Bliss, Airkem; David S. McLaughlin, assistant claims manager Associated Aviation Underwriters; George D. Vail Jr., vice-president Corroon & Reynolds, and John D. Holbrooks, assistant secretary Boston.

A. Edward LaChapelle of Providence was general chairman of the convention committee.

R. D. Batjer New President

R. D. Batjer of Abilene, Tex., was named president of NAIIA. Other officers elected were: Benjamin Horton, Louisville, first vice-president, and Ray L. Lynch, Springfield, Ill., secretary-treasurer.

Regional vice-presidents are: Eastern—Edward Reilly, New York City; central—Joseph E. Whipple, South Bend; southeastern—H. B. Wellborn, Hattiesburg, Pa.; Missouri valley—William E. Condray, St. Louis; Rocky Mountain—Robert L. Reeder, Colorado Springs; western—Ted N. Hay, Los Angeles; northwestern—John A. Milot, Seattle; southwestern—C. G. Hysaw, Corpus Christi.

Gordon Davis, secretary-manager of Mutual Loss Research Bureau, introduced a new program of procedures and standards on property loss adjustments in his address before NAIIA.

The loss managers of bureau member companies, said Mr. Davis, are convinced of the need for greater uniformity in adjusting procedures. Not

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Continental Casualty Introduces Paid-Up Hospital Cover

Continental Casualty has introduced a lifetime paid-up hospital policy based on the principle of paid-up life insurance, providing A&S protection with lifetime renewals and no premiums due after age 65.

The policy is guaranteed renewable with premiums based on age of policyholder at issue. Continental reserves the right to change premium rates on a class but not individual basis. Coverage can be purchased up to age 59.

A male age 33 who desires $25 a day hospital limits, $250 miscellaneous and $400 surgical would pay an annual premium of $117, and would pay this premium to age 65 and then pay nothing.

Mo. Department Cracks Down On Auto Reciprocal

JEFFERSON CITY—Superintendent Leggett has issued a cease and desist order against Eagle Reciprocal Exchange of Kansas City prohibiting it from writing any new policies or renewals. The order was based on complaints that the reciprocal had failed to pay claims. The department is making an investigation into its financial condition.

Eagle was organized in 1954 with Missouri Managerial Corp. of Kansas City as attorney in fact. Smith F. Brandom Jr. was listed as president and Smith F. Brandom Sr. as secretary. Coincidentally, Smith F. Brandom is the name of the attorney in fact of Highway Insurance Underwriters of Austin, Tex., which recently had its license suspended by the Texas department for a deficit of $397,000. The Texas department alleged that it was the intention of Smith F. Brandom to move the operations of Highway Underwriters to Missouri.

Eagle Reciprocal Exchange reportedly has 63 agents specializing in substandard automobile insurance in Missouri only. The financial statement as of Dec. 31, 1955, showed assets of $374,140, surplus $50,137, net premiums $529,577 and net losses $358,973.

Explains Mo. Favors NAIA Ad Campaign

Lyman L. Winter, Jefferson City, state director of Missouri Assn. of Insurance agents writes THE NATIONAL UNDERWRITER to emphasize that Missouri did not vote against the $2 million advertising campaign of National Assn. of Insurance Agents when action on it was taken at the midyear meeting of state directors in Miami.

Missouri and six other states voted against the last part of a motion, the essence of which was that the directors approve a continuation of the advertising program of a goal of $2 million and that all states voting for the motion would guarantee to raise the full quota assigned to them.

"Missouri is 100% in favor of the present advertising program and a continuation of the program and our state association will put forth every effort to raise as much money as possible," Mr. Winter adds.

Fireman's Fund Enters Economy Auto Insurance Arena

Fireman's Fund has entered the competitive automobile insurance market with a reduced commission continuous policy that is billed directly, written through the affiliated Home F. & M.

The company calls its new coverage "Economy Plus Auto Insurance." The program has been filed and approved in Washington, Idaho, Montana, Nevada, and New Mexico, and filings have been made in Pacific coast states where producers have asked for low-cost auto facilities.

Admits Producers Object

Raymond L. Ellis, vice-president in charge of casualty, admitted that some producers object to the use of the direct billing and automatic renewal as a means to reduce auto insurance costs, but while respecting these opinions, "we cannot believe that the adoption of these methods in the merchandising of private auto insurance will in any way prove detrimental to the welfare of either the individual agent or to the system of insurance marketing he represents."

Many producers have watched the growth of competitors which have effectively used lower acquisition costs and other economies, Mr. Ellis said, and the growing popularity of the so-called direct writing and specialty companies among price-conscious buyers has meant "that our type of agent

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DBL Insurers Object To State's Demand For Extraneous Data

The persistent effort of the New York Workmen's Compensation Board to get disability benefits law insurers and self-insurers to supply data on traffic accidents has aroused not only curiosity among insurers as to what the information is wanted for but, among some, a feeling that the right of the board to demand such extraneous information should be tested in court.

Back in January the board sent to all DBL insurers a request for a semi-annual report on claims and benefits resulting from "traffic accidents." Many insurers were quite disturbed by this request. Usually they don't have the information in any reliable form. Also, there is serious question about the purpose for which the information was requested. And, since they have been unable to find out what it is wanted for, outside of the fact that they are told that it has a "great impact" on the law, they wonder about the propriety of being utilized as a statistical collection agency.

Many companies did not reply to the original request and the various trade associations endeavored to take the matter up with the chairman of the board.

The board has been persistent in seeking the information, sending out on April 11 a follow-up letter to the companies that did not reply or that replied without complying.

The follow-up letter indicated that the matter had been discussed and settled with the trade associations, the implication being that the companies should comply forthwith. But many of the largest insurers have not taken any steps to comply because, contrary to the impression created by the April 11 follow-up from the board, they considered the question to be very much an open one.

So far most of the compliance has been among the small and medium size insurers, where the administrative problem of supplying the information is less serious than for the larger companies. Objections to complying have run about the same among life companies and casualty companies.

New Handbook Ready For Minnesota

A new Underwriters Handbook of Minnesota has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance through the state. Copies of the new Minnesota Handbook may be obtained from the National Underwriter Co. at 420 East Fourth street, Cincinnati 2, Ohio. Price $12.50 each.

Letton To Gulf American

Winsor Letton has joined Gulf American as a multiple line underwriter. He was an adjuster of Hartford Accident and later casualty manager of the Brame, Ward & Hancock general agency at Montgomery, Ala.

See Chance To Avoid Group A&S Rate Control In Pa.

Smith May Also Be Opening Pandora's Box In Seeking To Equalize Competition

Study of the statutes on which Commissioner Smith of Pennsylvania has relied in asserting authority over commercial A&S rates along with Blue Cross has led some of the experts who have been following the Pennsylvania maneuverings to believe the Pennsylvania law does not give the commissioner the control over group A&S rates—including hospitalization—that he has over Blue Cross plans and individual A&S contracts.

Commissioner Smith's announcement that to keep A&S from being used as a loss leader, he would regulate commercial A&S rates "to assure fair competition in rate making of A&S insurance," may, in the opinion of some observers, let him and the Blue Cross in for more than they bargained for. The equality-of-competition approach opens the way for a strong contention that Blue Cross plans should pay state premium taxes like other insurers and that commercial insurers should enjoy the same rate discount that is accorded the Blue plans in buying hospital service.

The commissioners rate regulatory

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Tells Railroads' Work Against Fraud Claims

Fraud, for railroads, has aspects not found in other accident fields, said Bruce Smith, assistant director of claims research and general claims secretary of American Assn. of Railroads, speaking at the April dinner meeting of Chicago Assn. of Claims Adjusters.

Part of the railroads' problem comes from the law they operate under, the federal employers liability act, one of the "few true comparative negligence statutes in existence" in the U. S., said Mr. Smith. Under this law, a man whose own negligence contributed in his accident is not barred from recovery but merely penalized in the amount of settlement. Also, with juries responsible for awarding settlements and court opinion increasingly liberal, the railroad's situation has changed almost to one of liability without fault, not liability on preponderance of evidence, he said.

Size Complicating Factor

The railroads' size and age further complicate their claim situation. They have been giant organizations longer than many other American companies. A "soak-the-rich" attitude has been built up towards them even more than towards the insurance industry, which is now beginning to feel the effects of that attitude in its auto and casualty lines.

Fraud is not so much a question of real fakers, Mr. Smith pointed out, but of legitimately injured people who try to parlay a claim into a bonanza that will support them the rest of their lives. Another problem in fraud cases arises from the professional "runners and chasers," advisors or representatives of claimants. Since fees of professional men are usually a percentage of the final settlement, a large settlement is much to their advantage. This interest not only inclines many doctors and lawyers to push large claims, but also has created a type of professional fraud manager, specializing in dubious cases.

Association Is Clearing House

The association of railroads' role in preventing fraud is to serve as a clearing house for claims information, to operate claim research and to make investigations when circumstances warrant it, said Mr. Smith. He said his organization maintains an index on people involved in claims, using forms standard for all railroads. Entries are made when an accident is reported, when a case is drawn and a lawyer hired, when a case is settled, or when a person has been refused railroad employment. In the latter situation, any rejection is considered and the entry is not a "blacklisting," but experience shows that grudges may arise from purely routine employment refusals.

Keep Tabs On Lawyers

Other indexes are kept on lawyers who represent claimants or who try to get cases—if that information is available; and on doctors who testify in accident claims. Injuries leading to loss of limbs or body members and the costs of such injuries are also indexed, as well as verdicts and appeals in cases decided.

The association maintains a bibliography of relevant material in medico-legal journals and law reviews for reference by railroad lawyers. The legal staff of each claims research division drafts model statutes, such as anti-solicitation measures, for presentation to state legislatures when bills affecting the railroads have been introduced.

To deal with the few professional men who make a practice of handling fraudulent claims, Mr. Smith said the railroad claims section has an "intelligence unit" that contacts claimants directly to get signed statements about the people who are handling or have tried to handle their claims. The unit has obtained disbarments, injunctions and admissions of unethical practices, but such successes do not solve the problem of fraud. Very few doctors or lawyers ever engage in the questionable practices involved in a fraudulent claim, but one man can manage enough cases to give many headaches. The claims researchers have found that good results with one firm leaves many others available for fraud business.

The railroad claims research division made only two presentations against doctors in 1955, one of which resulted in a 6-month suspension of medical privileges. That doctor, when next he appeared in court on a railroad claim, gave testimony completely refuting the claimant's position. Such results make the claims division feel their work is doing some good, Mr. Smith declared.

New Amsterdam Names Duke N.Y. Manager

New Amsterdam has appointed Vice-president and Director John B. Duke general manager of the New York office, and promoted Alan G. Middleton from resident vice-president to vice-president in charge of operational departments and inter-departmental coordination.

Leon Kirschenbaum was named resident vice-president and assistant general counsel, and Arthur J. Lessman, resident vice-president and manager of the New York casualty underwriting and production departments.

Joseph O. Byrne was appointed assistant secretary and assistant manager of the agency and production departments, John J. Coady, assistant secretary and assistant manager in charge of metropolitan casualty underwriting, and Albert C. Jeker, assistant secretary in charge of casualty underwriting outside the metropolitan area.

Citizens Casualty To Pay Cash Dividend

Citizens Casualty of New York has declared an initial cash dividend of 10 cents payable May 12 to common stock of record April 30.

The company has retired all its preferred stock in recent years, and is entirely owned by the holders of its 500,000 shares of common. The dividend will, therefore, amount to a total of $50,000.

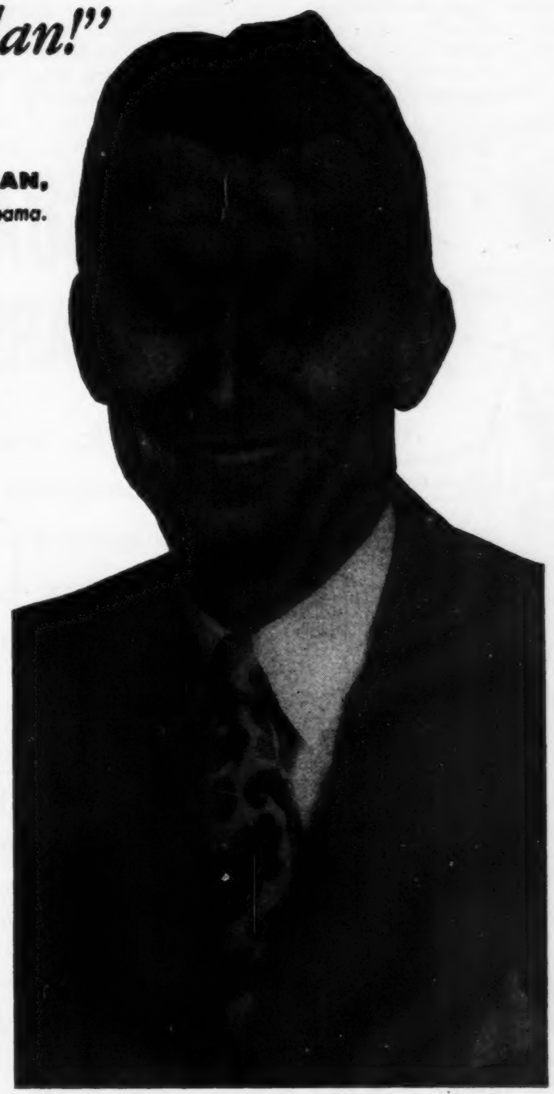
The first quarter of 1958 gives evidence of improvement in underwriting results, and continuance of this favorable trend will justify the consideration of an additional dividend next fall, Jack Hyman, president, reported.

Mass. Approves Employers Surplus Lines As Writer

Commissioner Humphrey of Massachusetts has authorized Employers Surplus Lines, a Delaware corporation owned by Employers' Liability, to write surplus lines through specially licensed brokers. Headquarters are at Employers' home office in Boston.

This approval gives the state three markets for surplus lines, the others being Lloyds and Newfoundland American.

"Prospect bought **70%** *more insurance — thanks to The Travelers Premium Budget Plan!"*



. . . JACK C. BUSHMAN,
Montgomery, Alabama.

A million dollar Life producer and top multiple-line agent, Jack Bushman is enthusiastic about PBP . . . the new plan devised by The Travelers that lets prospects wrap up all their personal insurance in a single program and pay for it by the month with a single check.

Here's what MR. BUSHMAN had to say about a recent interview:

"After reviewing my prospect's insurance program, I recommended additional coverage in certain lines. He agreed that more protection was imperative. However, with a number of renewals coming up within two weeks he didn't think he could swing any more insurance . . . until I told him about PBP.

"It was significant," MR. BUSHMAN concludes, *"that the opportunity to make a small down payment and to pay on a monthly basis made it easy for this young man to buy the additional insurance he needed."*

The Travelers Premium Budget Plan features many other advantages. Find out what this new advance in insurance marketing offers you. Inquire at any Travelers branch office or General Agency. Or write Agency Services, The Travelers, Hartford 15, Connecticut.

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BenJack Gage Lawyers Try To Reverse Sentence

AUSTIN—Two main arguments were submitted by attorneys for Ben-Jack Cage in answering questions raised by the court of criminal appeals here, in an effort to reverse the 10-year sentence given Cage in Dallas last year on a charge of embezzling $100,000 from ICT Corp.

One point resulted from questions of Judge Davidson, who wanted to know how Cage received the money he was accused of embezzling. The court was informed that it dealt with transfer of $100,000 from ICT Corp. to Missouri Union Corp. and the later re-transfer of $96,000 back to the management firm by Cage, who was an officer of both. It was declared by the prosecution that ICT Corp. received no benefit from the transaction.

The other issue related to the admissibility of checks given by ICT Corp. to one J. B. Saunders and the appearance in the Cage trial of J. Byron Saunders, former member of the old Texas Board of insurance commissioners who, being under indictment for perjury, refused to answer on the ground of possible self-incrimination. Defense attorneys argued that no proof was offered that the same man was involved.

E. E. Erickson Is New Head Of Pacific Board

(CONTINUED FROM PAGE 1)

in service Standard Forms Bureau has printed more than 2,250,000 copies.

The proposed new renewal device, which has been under study by companies and producers alike, was demonstrated by Gerald V. Ball, assistant manager of the board. This system is designed to reduce flat cancellations, help producers do a more effective selling job and encourage more pre-renewal solicitations.

In describing the renewal system, Mr. Erickson, as chairman of the expense committee, suggested that it will mean greater net profit for the producers and companies alike and also as a tremendous collection device "which will save much expensive time-consuming and frustrating effort to collect premiums after inception."

Cal. Brokers Urge Merit Rates For Auto

Insurance Brokers Exchange of California, through its president, Ben Breit, has called upon stock companies writing automobile insurance to develop some merit-rating or safe driver plan as an incentive to retain the patronage of loss-free motorists, who, Mr. Breit insists, are increasingly turning to direct writers for premium relief.

In his letter to company executives, Mr. Breit says in part:

"In recent correspondence with the National Bureau of Casualty Underwriters we requested that representatives of company and producer organizations be invited into meeting to consider ways and means of providing a market for select business on a discounted or merit rated plan before the remainder of the business is irretrievably lost. The National Bureau took the position that the problems involved are national in scope and not peculiar to California, and solutions must be sought on a countrywide basis. We believe the severe rate adjustments in this state make our problems local and not national, and therefore it does not necessarily follow that solutions cannot be arrived at on the local level if producers and companies set their minds to the task."

Panels Highlight Annual Engineering Conference

More than 50 engineering executives from 30 companies have registered for the annual administrative engineers' conference at Ardsley, N. Y., May 13-14. A. A. Hansen, secretary Hartford Accident is chairman of the planning committee of engineers from member companies of the Assn. of Casualty & Surety Companies.

The conference provides a forum for discussion of general problems and exchange of ideas on how to advance engineering services. It will be divided into four half-day sessions at which panels will lead group discussion. The four sessions and panel participants are:

Panel A—"How to Improve the Value of Your Company's Engineering Facility," with F. A. Manuele, Springfield F.&M., chairman; W. E. Gruber, Standard Accident; J. T. West, U.S.F.&G; R. C. Meldrim, Glens Falls, and J. E. Middleton, Zurich.

Panel B—"Making the Engineering Department Most Productive," with J. W. Strassberger, Commercial Union, chairman; J. E. Nordeng, Chubb & Son, and J. Haddow, Travelers.

Panel C—"Demonstrating the Value of Casualty Insurance Engineering," with E. R. Granniss, Royal-Globe group, chairman; D. G. Vaughan, Aetna Casualty; R. H. Balensiefer, St. Paul F.&M.; J. Wildman, Employers Liability and W. B. LeClair, Massachusetts Bonding.

Panel D is a group discussion of questions submitted by conferees with Mr. Hansen chairman and H. H. Allen Morris, Aetna Casualty; O. P. Peters, Employers Liability; H. A. Goodyear, Firemans Fund; E. E. Stein, Reliance, and F. W. Campbell, Commercial Union.

Beloit President A CPCU Educational Adviser

President Miller Upton of Beloit College, a national authority on business finance, has been appointed to the council of educational advisers of American College of Life Underwriters and American Institute for Property & Liability Underwriters. Mr. Upton has a background of teaching and administrative experience at Tulane University, Northwestern University and Washington University. He is the author of articles and co-author of books on business finance, and was the recipient of the Jerome Jones scholarship at Harvard University and a graduate fellowship in finance at Northwestern.

Leslie To Succeed Leslie As Manager Of National Bureau

William Leslie will retire May 1 as general manager of National Bureau of Casualty Underwriters, a post he has held 28 years. William Leslie


William Leslie Jr.


William Leslie

Jr., secretary and actuary of America Fore and formerly general manager of National Council on Compensation Insurance, has been nominated to succeed his father.

Mr. Leslie's retirement and the nomination of a successor were announced to members of the bureau in a committee's report on nominations for officers to be elected at the annual meeting May 13 in New York.

On March 15, 1955, when Mr. Leslie completed 25 years of service, more than 350 bureau employes gathered to honor him at a party where they presented him with a sterling silver tray to mark the occasion. Another tribute came the next day with a testimonial luncheon attended by 140 executives of member companies of the bureau where Mr. Leslie was presented with an oil portrait of himself.

In 1946, Mr. Leslie received the certificate of appreciation from the War Department for "patriotic services in a position of trust and responsibility for outstanding services rendered the War Department in its insurance procurement program during World War II while chairman of the joint rating committee for comprehensive rating plan covering war projects."

He received the gold medal of General Brokers Assn. of New York for the most valuable contribution in the field of insurance in 1947.

At University of California, where he received the degree of B.S., he was later associate professor of insurance. In his insurance career he was actuary of Reliance Life of Pittsburgh 1911-1913; secretary-actuary of California State Compensation Insurance Fund, 1913-1919; actuary of New York insurance department 1919-1920; consulting actuary, San Francisco, 1920-1923; and general manager, National Council 1923-1929. He became associate general manager of National Bureau in 1930 and was elected general manager in 1936.

William Leslie Jr. entered insurance in 1939 in the rating division of Fidelity & Casualty. In 1941 he joined National Bureau in the actuarial department. He went with Royal-Globe in 1947 and in 1948 was appointed superintendent of the special risks department. In 1950 he joined National Council as assistant manager and became general manager in 1955. He resigned this position in March, 1957, to rejoin America Fore as actuary of all companies. He was appointed secretary and actuary of America Fore companies in January, 1958.

List Speakers For GAs' Annual, May 11-14

American Assn. of Managing General Agents has announced speakers for its annual meeting May 11-14 at the Broadmoor hotel, Colorado Springs, Colo.

Scheduled to address the meeting are Arne Fougner, Christiania General, New York, "General Agency Reinsurance—Dope or Cure?" William J. Traynor, assistant secretary North British group, "Advertising Points the Way to New Business;" John Parks, General Adjustment Bureau, "Analyzing the Assessment Plan;" and William M. Alrich, managing editor the *Spectator*, "Success Formula: Know Your Market."

A panel consisting of Edward F. Vanston, chairman, Langdon Quin Jr. and John Crowther, will discuss "The General Agent's Situation and His Place in the Industry."

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Craftsman of Boston has been licensed in Utah.

Convention Dates

May 11-13, Alabama Assn. of Insurance Agents, annual, Dinkler-Tutwiler hotel, Birmingham.
May 11-14, American Assn. of Managing General Agents, annual, Broadmoor hotel, Colorado Springs, Colo.
May 12-14, National Assn. of Mutual Insurance Agents, midyear, Kentucky hotel, Louisville.
May 13-14, Illinois Bureau of Casualty Insurers, annual, St. Nicholas hotel, Springfield.
May 16-17, Texas Assn. of Insurance Agents, annual, Rice hotel, Houston.
May 19-23, National Fire Protection Assn., annual, Palmer House, Chicago.
May 21-23, Insurance Company Education Directors Society, annual, Skytop lodge, Skytop, Pa.
May 22, Midwestern Independent Statistical Service, annual, LaSalle hotel, Chicago.
May 23-24, Florida Assn. of Insurance Agents, annual, Fontainebleu hotel, Miami Beach.
May 25-27, Florida Assn. of Mutual Insurance Agents, annual, Balmoral hotel, Miami Beach.

June 1-4, Insurance Accounting & Statistical Assn., annual, Sherman hotel, Chicago.
June 2-3, Eastern Underwriters Assn., midyear, Whiteface Inn, N. Y.
June 6-7, Pennsylvania Claim Men's Assn., annual, Bedford Springs, Pa.
June 8-10, Maryland Assn. of Insurance Agents, midyear, Commander hotel, Ocean City.
June 8-11, Conference of Mutual Casualty Companies, management conference, Grove Park Inn, Asheville, N. C.
June 9-10, Georgia Assn. of Mutual Insurance Agents, annual, King & Prince Hotel, St. Simons.
June 9-11, Southeastern Underwriters Assn., annual, The Homestead, Hot Springs, Va.
June 9-13, National Assn. of Insurance Commissioners, annual, Conrad Hilton hotel, Chicago.
June 11-12, Wisconsin Assn. of Mutual Insurance Agents, annual, Schwartz hotel, Elkhart Lake.
June 11-14, International Assn. of A&H Underwriters, annual, Statler hotel, Los Angeles.
June 11-14, National Assn. of Public Insurance Adjusters, annual, Hotel Traymore, Atlantic City, N. J.
June 12-14, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
June 12-14, North Carolina Assn. of Mutual Insurance Agents, annual, Grove Park Inn, and Fairway Lodge, Asheville.
June 15-17, New England Assn. of Insurance Agents, annual, Lake Tarleton Club, Pike, N. H.
June 18-19, Minnesota Fire Underwriters Assn., annual, Pine Beach hotel, Brainerd.
June 19-20, Delaware Assn. of Insurance Agents, annual, Hotel Henlopen, Rehoboth Beach.
June 19-21, Georgia Assn. of Insurance Agents, annual, General Oglethorpe hotel, Savannah.
June 22-25, Insurance Advertising Conference, annual, Clauson's Inn, North Falmouth, Mass.
June 24-27, National Assn. of Insurance Women, annual, Statler Hilton hotel, Detroit.
June 29-July 2, Virginia Assn. of Insurance Agents, annual, Cavalier hotel, Virginia Beach.
June 30-July 2, Virginia Assn. of Insurance Agents, annual, Cavalier hotel, Virginia Beach.
Aug. 10-13, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.
Aug. 20-23, Federation of Insurance Counsel, Fairmont hotel, San Francisco.
Aug. 21-23, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings, Mont.
Aug. 24-28, Section on insurance negligence and compensation law, American Bar Assn., Ambassador hotel, Los Angeles.
Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.
Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.
Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.
Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.
Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.
Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.
Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.
Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.
Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.
Sept. 22-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.
Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City.
Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.
Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans.

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McHugh Cites Senate Inquiry Aim

(CONTINUED FROM PAGE 1)

intended to set up some form of federal regulation, and if so, will it completely absorb state powers or act as a watchdog on ineffective state functioning. Mr. McHugh said that some sort of federal regulation might be established—though he had no concrete reason to believe so—but in the event it materialized he gave his opinion that Congress would measure all problems carefully and leave those best handled at the state level there, while others would be removed.

In view of the emphasis on state rating bureaus in his talk, he was asked if he thought a national rating bureau was practical and workable. Mr. McHugh disclaimed any status as a technician and said that the question would depend on the type of insurance concerned. Such a bureau might be effective in the case of uniformity of risks; in other cases it would not suffice.

To a question on whether rating bureaus are monopolies he replied that it is a characteristic of most competitors to operate at arms length, but insurance companies have come together in bureaus and are in effect clothed with monopolistic powers.

A more direct type of query dealt with the subcommittee's intentions to delve into the practice of exchanging experience on automobile risks which may have the effect of blackballing some seeking insurance. Mr. McHugh explained that another Senate group, the auto marketing subcommittee, has made some studies. He did not elaborate on their findings and characterized any problem in connection with this practice as in the area of boycott.

When asked about specific dates for scheduled hearings he said none were set, but the subcommittee staff has done preliminary work and it is hoped action will be taken before Congress adjourns.

Other Questions Promote Comment

Other questions promoted his comment on the inquiry's interest in state laws which have extra-territorial effects and hence lead to conflict.

A question on the use of Lloyds to the alleged detriment of domestic agents and brokers provoked a direct answer from Mr. McHugh that the problem of out-of-state insurers exempt from regulatory laws will be investigated.

A query as to how rates could be lowered when fire companies are experiencing severe losses, led Mr. McHugh to emphasize that the subcommittee has no preconceived ideas that rates are too high. He agreed that recent experience has been bad, and that the companies have had a rough time.

In reply to another question on rating bureaus he again alluded to the inquiry's chief interest, which is competition, and said that the subcommittee wants to know if it has been given absolutely free rein in bureau operations.

Asked if there is ever justification for disallowing a filing lower than that of a bureau he hastened to explain that he had no intention of implying that all deviating filings are necessarily good. In his talk he had said there were many examples where companies attempting to act independently by offering lower prices were hampered. He affirmed the state insurance departments' obligation to see that rates are at a level which do not threaten solvency, and said that in their zeal for business some companies might file for rates which could possibly have adverse effects.

Formal Address Goes Into Investment Income

NEW YORK—Donald P. McHugh, counsel to the anti-trust and monopoly subcommittee of the Senate, told the spring insurance conference of American Management Assn. here that the subcommittee may wish to consider the reasons income from investments is not taken into account in the making of fire rates.

He said that before cooperative ratemaking under state supervision was authorized, competition was the brake on the level of profits, including investment profits as well as underwriting profits. With the grant of monopolistic power to rate bureaus to fix rates in concert, the reasons for excluding investment income in ratemaking should be re-examined.

He referred to North America's involvement in nearly 100 hearings and court proceedings and said the subcommittee will try to determine whether deviating companies have needlessly been hindered by state regulation. The question is raised whether bureaus are exercising the force of economic power to prevent competitive pricing, Mr. McHugh asserted.

He called cooperative rate making under state sanction the sharpest departure from anti-trust philosophy and said attention will be focused on the operating of typical bureaus.

Will Examine Mergers

With respect to the problem of undue concentration in the insurance industry, Mr. McHugh stated that the subcommittee will seek to determine the extent and the significance of mergers and will examine the consideration given to such mergers by the states. He said the impact of multiple line legislation may have a decided bearing upon the evolving structure of competition in the business.

He noted that the exclusion of reinsurance, A&S, life, aviation and ocean marine from rate regulatory laws indicates either a complete reliance by the states upon competition to protect the public or a possible defect in the scheme of state regulation, and said that in any event an appropriate area of study would certainly include the rate activities of some or all of these exempt types of insurance.

He stated that the subcommittee approaches the study with no preconceived solutions to any of the problems it will investigate and its ultimate judgments and recommendations will be based on facts supported by the record and by the study.

COMMENTS TRENDS OBSERVATIONS

How Agents Can Save Taxes

Corporate Setup Provides Separate Tax Year And Longer Use Of Money

By J. ARTHUR GOLDBERG

The following discussion is from a talk by Mr. Goldberg, prominent Newark, N. J. tax attorney, before the mid-year meeting of New Jersey Assn. of Insurance Agents.

The very nature of the insurance agency business is such that tax planning must be limited to the undramatic day-to-day procedures which spell tax savings only on a cumulative and long-term basis.

Professional men, who deal in service, are the iron men of our tax structure. Your machinery and equipment, years of knowledge and skill, cannot be depreciated over your useful lives. The Treasury Department has, as yet, issued no ruling which would allow an insurance agent to sell his knowledge of fire insurance at capital gains. Opportunities for capital gains are limited. There is little flexibility in timing or postponing the receipt of income. You cannot leave a building uninsured for a few months to postpone income until a later year. The types of travel, entertainment and promotional expenses which we all know are necessary to maintain and expand commission volume are peculiarly susceptible to scrutiny and question by the treasury department.

Vital To Use Every Advantage

Because the area of tax savings is relatively limited, it is even more vital that your business utilize every advantage to which you are entitled under the law.

It would be impossible to discuss tax planning as it affects all of the areas of your business operation. However, there are two areas where the ultimate decisions made can result in substantial tax savings or burdensome liabilities. The first, and most important, is the choice of business entity for the operation of an insurance agency. There is no one "best" operating structure for insurance agents. However, based upon the income, type of operation and objectives of the agents forming the venture, there is a particular structure which is best for that business.

Must Seek Answers

Before a proper decision can be made, the owners must seek answers to a number of questions. Here are just a few: What will be the estimated income of the business?; will there be a preliminary period of operating losses?; what part of commission income must be retained by the business?; what will be the tax effects if additional stockholders or partners are brought into the business?; can the organization be sold or liquidated without burdensome tax liabilities?; will the business structure provide flexibility to minimize tax liabilities?, and how will the business provide for the retirement or death of the owner?

I have found that most agents commence business as sole proprietors. Licenses and insurance company agency contracts are usually issued to an individual. Personal liability is not substantial, and the agent certainly knows the value of insuring against these liabilities. In recent years, however, the increase of large insurance organizations and high tax rates has led to a re-examination by many agencies to determine whether their present business structure satisfies current needs and objectives. In other words, the choice of operating entity is a continuing one. It is just as important to the existing organization as it is to any new business venture.

In an attempt to minimize tax liability and increase operating efficiency, the insurance profession has an advantage over other professions. There are no statutory restrictions on manner of operation. All forms of business organization are available.

Treated In Same Manner

As a general rule, income of the proprietorship is treated in the same manner as any other personal income. Depending upon the particular method of accounting adopted—cash or accrual—all income, less business expense, is reported on the proprietor's personal tax return. His tax liability is based on the sum of all business and personal income.

Because of its basic simplicity, there is little flexibility for tax planning—other than the proper reporting of commission income and the meticulous attention to operating expenses. The sole proprietorship can be a proper choice only until commission income becomes substantial.

Has Same Basic Characteristic

The partnership operation possesses the same basic characteristic as a proprietorship. With respect to operating income, the partnership is generally not considered an entity distinct from its owners. Thus, the partnership tax return is filed just for convenience and information. The partnership, as such, pays no tax. Each partner adds his share of partnership income and expense to his other personal income, and the tax payment is made on his own personal tax return.

Since the adoption of the 1954 internal revenue code, the similarity of partnerships and proprietorships is even more complete. Prior to the code, a partnership could adopt a taxable year for reporting income which was different than the taxable year of the partners.

This tax savings procedure is not available to partnerships organized after August 16, 1954—without the permission of the commissioner of internal revenue. The principal partners must report partnership income on the same basis that their personal income is reported; there is no provision for postponing tax payment on partnership income.

Under the code, the partnership law has become complex and detailed. In many instances the law treats the partnership as an entity separate and apart from its owners. For example, partnership salaries are considered income when received, even though the amount exceeds the partner's share of income. Transfer of property to a partnership can be considered a taxable sale or non-taxable contribution, depending upon the method used to consummate the transaction.

Agreement Is Vital

Another important factor in partnership operation is the vital necessity for a comprehensive partnership agreement. In many instances the code allows the partners to control their own tax liabilities. If no provision is made, the statute will control. In order that the partnership insurance agency does not find itself with unforeseen tax liabilities which could have been minimized with proper foresight, I suggest that partnership agreements which have not been drafted in light of the new law be reviewed.

Under present tax law provisions and tax rate structure, the use of a corporate entity offers advantages for tax planning and savings no longer available through any other medium. Where individual tax rates exceed 30%, and income is required to be retained by the business for growth, serious consideration should be given to the corporate operation of the agency.

This entire approach is based upon the fact that a corporation as distinguished from a proprietorship or partnership, is considered a separate entity for tax purposes. Corporate income is subject to a separate tax

(CONTINUED ON PAGE 43)

Allstate Sets Up Art Gallery In Home Office

Insurance and the fine arts were combined when Allstate established a permanent gallery exhibit in its home office in Skokie, Ill. Being shown are original watercolors, paintings and drawings by 12 of America's top artists, part of the extensive collection of illustrations from *Home & Highway*, policyholders magazine published by Allstate. The illustrations commissioned by *Home & Highway* now total more than 50 works.

A permanent art gallery has been set up in the third floor employes' cafeteria of the Allstate building.

The magazine staff has recently completed plans to exhibit the art collection in galleries and museums throughout the country, two-thirds of the paintings being on tour while one-third remains in the home office gallery. Portions of the collection were shown in Tacoma, Wash., earlier this year, and one section is presently being shown in the Pittsburgh Press Club. A larger group of paintings will be exhibited in the Mint Museum in Charlotte, N. C., in the fall.

Agricultural Cites Cost Cut Methods

Agricultural has developed a mailing to agents entitled "Let's Cut Costs (Both of Us!) Agents . . . Companies."

It points out that a recent survey showed that 50% of premium items produce less than 13% of premium dollars, and in a breakdown explains that 24% of premiums handled are under $15 and account for only 4% of company volume, and 26% are under $30 and produce but 8.8% of income.

The mailing poses the question of how much it costs the agent to write a policy and reproduces a chart with premiums ranging from $10 to $25 with varying commissions applied thereto which highlights the negligible amounts produced and opens up the probability of losing money in many cases.

Agricultural suggests that agents will make more commission dollars by selling insurance to value and keep more by eliminating costly office detail. It asserts that the agent can help companies cut costly detail on small items and help customers reduce policy detail and offers helpful suggestions to do so. It advises agents to sell the "complete package" at current increased values; to check the next two months' expirations for such increased values that need more coverage; to combine small expiring policies into one, or to endorse existing policies with these expiring amounts plus needed increases.

1890 Manual Quoted

Another feature is a quotation from Agricultural's 1890 manual for agents: "Additions and small risks—each transaction should at least pay enough premium to compensate agent and company for the clerical labor of making out the papers. But the ordinary rates on dwellings will not produce enough for this if the amount covered is very small. It costs as much time, trouble and supplies to issue a small policy as a large one, and about as much to make an addition to a policy. The agent, in each case, must spend his time in negotiating the contract, in writing it in the policy, copying it into his register, reporting it to the company—collecting and accounting for the premium and in many other minor details. The company must furnish all the necessary blanks and pay postage; each slip must go through several clerks' hands, be entered in many books, checked on the report, filed away and preserved . . . and this whether the premium collected be a few cents or many dollars. If it is large it is enough to pay all the expenses of doing business."

Moore To Southeastern Fire

A. J. Moore Jr. has joined Southeastern Fire of Charlotte, N. C. For 10 years he has been with Griffith general agency, in the Carolinas. He will cover the same area for Southeastern Fire.

Oklahoma Agents Mark Successful Year

(CONTINUED FROM PAGE 1)

and the public as to the content and need for the new code of law.

A total of 543 agents and guests enjoyed a program which reflected the complete optimism of the speakers about future prospects of the insurance industry and the general economy, in keeping with the convention theme "New Horizons."

Walter E. Brill, vice-president and southwestern manager of American International Underwriters, opened the program with a talk entitled "New Horizons in Foreign Insurance." AIU also was host at a pre-convention reception for past presidents and executive committee. The past presidents were also entertained at their annual dinner, sponsored by Employers Liability.

Governor Addresses Convention

Gov. Gary addressed the convention and painted a bright picture of Oklahoma progress in school, road and other state problems. He pointed out the tremendous potential of insurance agents in helping to produce good government and urged them to take an interest in those matters as well as those directly affecting the insurance industry.

Commissioner Joe B. Hunt delivered a highly informative talk on the activities of the insurance department under the new code and praised the agents for their cooperation.

H. T. Moran, Oklahoma City, state national director, expressed considerable dissatisfaction with participation by Sooner agents in the financing of the NAIA advertising program. He hailed the program as "the greatest opportunity we have ever had."

George S. Hanson, NAIA executive secretary and general counsel, gave a presentation on national association activities. He complimented agents on their grassroots response on federal legislation. In referring to various group fire and casualty plans he called them "one of the greatest threats to insurance agents commissions today."

Joe Cryan, assistant secretary of America Fore Loyalty group, spoke to a large early morning turnout of rural agents for their annual breakfast.

Agents were encouraged to follow the full multiple line trend by Frank LaRue of the Frank LaRue agency, Athens, Tex., whose speech was on "Putting Life In Your Agency." He told how he had sold a million dollars in life insurance in his first two years and expanded his fire and casualty agency at the same time.

Fiery Address Delivered

A fiery address on public relations and sales was delivered by John K. Minnoch, Chicago.

Felix Hargrett, vice-president of Home, was the luncheon speaker and he gave a rather depressing report on the loss situation but offered real hope for the future based on concentrated and united efforts on the part of agents and companies.

Retiring president Ralph R. Carlin, in his report of administration, presented a record of accomplishment which amazed those agents who do not follow the activities of the association closely throughout the year. In addition to the passage of the insurance code he noted tremendous programs in the fields of traffic safety and announced that the association has been instrumental in preparing another new code—this one on traffic safety laws. The code has been approved and recommended for passage by the executive committee of the legislative council.

G. M. Fuller, general counsel, brought delegates up-to-date on a law suit pending before the Oklahoma supreme court which will decide whether cities and school districts can insure in mutual companies.

President's Cup Awarded

The President's cup award for the local board which has contributed the most to the insurance industry and the insuring public went to the Oklahoma City association.

Entertainment highlight of the convention was an extravaganza presented by the Insurance Women of Tulsa, "Insurance Bored—By the Broad Form Dames." The production traced the history of the women who run insurance offices and was professional in quality.

Other social events included a social hour courtesy of Oklahoma's domestic companies and the banquet at which J. C. Kennedy of Lawton was master of ceremonies.

R. E. Dineen To Address Ill. Department Personnel

Robert E. Dineen, vice-president Northwestern Mutual Life, will address personnel of the Illinois insurance department May 20, at Springfield. His subject will be "Do You Know the Importance of Your Work?"

Director Joseph S. Gerber announced that anyone in the insurance business is welcome to attend.

Richmond Assn. of Insurance Agents at its April meeting heard Charles Ray, vice-president of Markel Service, on "You Drive As You Live."

Results Better For American Casualty

Underwriting loss of American Casualty for the first quarter of 1958 was $117,632 compared with $672,000 for the same period in 1956. The loss ratio on automobile lines improved about 3% but remained in the red.

Premium volume increased by 3.9%. Gains were registered in all lines except automobile and ranged from a 34% increase in A&S to a 2% rise in fire lines.

The ratio of losses incurred to premiums earned decreased from 55.7 to 54.4, and policyholders surplus increased $1,163,000 to $18,216,490.

Set School On R. I. Campus

The University of Rhode Island division of university extension will hold its annual insurance institute on the campus at Kingston, June 10 through July 3. Company and agency personnel and those who contemplate entering the business are eligible.

Hartford Fire Gets Jr. Marshal Program

Hartford Fire has been awarded a Silver Anvil by American Public Relations Assn. for its sponsorship of the junior fire marshal program.

Vice-president Roland H. Lange accepted the honor for Hartford Fire at the association's Silver Anvil awards dinner in New York City. The insurer received the Silver Anvil, coveted public relations award, for the outstanding PR program for 1957 in the banking, finance and insurance field.

In making the award, the association cited Hartford Fire for its "contribution to the country" and for "obtaining the most tangible sort of public relations for the company and its agents" through the year-round junior fire marshal campaign.

Mr. Lange, accepting the award, said that in launching the junior fire marshal program the aim of the company was "to fulfill an important public service function in an area in which we were interested and where, at the same time, there appeared to be a great opportunity to contribute to the welfare of the public—fire prevention education with the young people of our country, their parents and educators."

Competition Is Keen

H. Walton Cloke, chairman of the 12-man judges and awards committee of APRA, said competition for 1957 was the largest and most keenly contested in its history. It was explained that in past competitions Silver Anvils and Certificates of Achievement were awarded to as many as 50 entries. This year, however, the committee awarded only 13 anvils.

The public service junior fire marshal program is sponsored in more than 10,000 communities throughout the country by local agents of Hartford Fire in cooperation with school and fire officials.

Ads Implying Exclusive Liquor Coverage Banned

Insurist Corp. of America, a New York brokerage firm, and Restaurant League of New York, have rephrased their advertising to avoid giving the impression that they have any exclusive on liquor liability insurance for restaurant and liquor store licensees under the New York state alcoholic beverage control law.

Greater New York Insurance Brokers Assn. brought the advertising of the two organizations in liquor trade magazines to the attention of the insurance department in an effort to make clear to insured in this field that the coverage is also available through other brokers or agents. The department upheld the association's view and the two organizations agreed to correct their advertisements.

Pittsburgh Buyers In ASIM

Insurance Buyers Assn. of Pittsburgh has become a chapter of American Society of Insurance Management. Joe A. Edwards, insurance manager of Gulf Oil and president of the Pittsburgh group, presided at the installation luncheon. ASIM was represented by Managing Director Peter A. Burke, Executive Committee Chairman B. F. Kelley of U. S. Plywood Corp., and T. V. Murphy of Maryland Shipbuilding & Drydock Co.

Texas Fire Hearing May 20

The annual hearing on fire and allied lines will be conducted by the Texas department May 20 at Austin. Up for consideration are revisions in fire, wind, EC and inland marine rates, rules, forms, clauses, permits and warranties.

Joseph H. Goodin, special agent of Hartford Fire at Nashville, is retiring after more than 38 years. He joined Hartford Fire as a farm special agent in 1920. He later served for seven years as superintendent of the eastern farm department at the home office. Before being assigned to Nashville in 1941 Mr. Goodin was special agent at Jackson, Tenn.

Stop Family Fights And Attack Common Problems, Baier Tells N. Y. Mutual Meet

"The roof fell in" in 1957, Milton L. Baier, president of Merchants Mutual, told New York State Agents Assn. at its annual convention in Syracuse. Mr. Baier and William N. Woodland, editor of *The Standard*, spoke on "The State of the Industry."

"In New York today the situation amounts to chaos," Mr. Baier declared. He recalled that during the year compulsory was introduced. Then came the filing for auto liability rate increases, which was turned down. Later the stock market collapsed and wiped out the paper profits of many insurers. Meanwhile emergency measures were taken by companies to offset the record underwriting losses, he said, and in this chaotic atmosphere, harsh words have been exchanged by companies, agents and the department.

Mr. Baier said that the problems would be bad enough if the business were facing them with a united front. But they have been made much more difficult by free swinging recriminations. He recommended that the first step to end the disunity should be to "stop tearing each other apart.

"As a company representative I freely and without reservation give full credit to the agents and to the insurance department for concern equal to my own," he stated.

Compulsory Not Wanted

He asserted that compulsory was not wanted by the highest officials of the present state administration and that it came about because of the split between agency companies and direct writers. He added that what was sought was protection against uninsured motorists which compulsory has utterly failed to provide, as it has failed to do for 30 years in Massachusetts.

"Now that we have a new law to cover uninsured motorists' claims there is even less justification for compulsory," Mr. Baier believes. "I propose that the local agents and the agency companies get together for its repeal, because it is a branded failure, because it spawns political interference with rate making, because it begets inadequate coverage and because it is at least partly to blame for the turndown of the rate increase request.

"On the provisional rate endorsement, agents and companies again split with harsh criticism hurled and a modicum of constructive cooperation, he added. "Were it possible to have any rate increase apply only from the date of the decision and only as to policies written or renewed thereafter, Merchants Mutual for one would gladly go along. I am told that it is not legally possible, that the court proceeding would be dismissed if it did not concern a present actual controversy rather than a prospective academic question of rate adequacy. The rating bureaus have engaged special counsel of the highest calibre, and I think we must credit them with both ability and integrity. In Massachusetts once the court spoke there was no problem at all. The motorists paid the rate as fixed with no argument. I think the gravity of the competitive situation related to the endorsement has been fully stated, if not overstated. If there is any further constructive approach to the problem, let's get together and work on it."

He said that the latest mechanical marvels in computing devices should be linked with the half century of experience in the auto liability field to produce rates that are geared to current conditions: 1958 rates for current losses, not rates based on statistics five to 10 years old.

Expense Is Underlying Cause

Though the immediate causes of the present chaos are compulsory, commission reductions, wholesale cancellation of business, channelling of good risks along with bad into the assigned risk plan, tightening of underwriting rules and classifications, and the provisional rate endorsement, there is an underlying cause, the matter of expense. He quoted an industry leader who said agency companies must utilize electronics in place of outmoded methods.

"While the company agent is in his office puttering around with paperwork, the captive agent freed from that detail is out making sales and his company is doing work at a fraction of the cost on a mass basis," he observed. "There should be industry wide agreement on two points: (1) the bulk of the paper work would be performed by individual companies and (2) the agents would continue to own renewals."

Calls For Head-On Assault

Price differential is the heart of the problem, he said, and called for a head-on assault on paperwork.

Mr. Woodland warned agents that for those who have been on the gravy train the free ride is over. The developments of the past 10 years have completely blasted loose the ties that formerly made business stick to a particular agency or company regardless of neglect.

"The increasing complexity of new forms, the package policies already here and on the way have multiplied

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New Handbook Of Nebraska Published

A new Underwriters Handbook of Nebraska has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Nebraska Handbook may be obtained from the National Underwriter Co. at 420 East Fourth street, Cincinnati 2, Ohio. Price $12.50 each.

Borstad Manager Of Travelers At Omaha

Travelers has appointed Stephen G. Borstad manager of casualty, fidelity and surety lines at Omaha, succeeding Alexander McDonough, who has been granted sick leave on the advice of his physician.

Mr. Borstad joined Travelers in 1938 and served in the branch office administration department in several offices prior to becoming a field supervisor of casualty, fidelity and surety lines at Omaha early in 1952. In December that year he became assistant manager there. He went to St. Louis in the same capacity in 1956.

AFIA Names Two Agencies In Republic Of Sudan

The Republic of Sudan in northeast Africa was recently entered by Hartford Fire and U. S. Fire for transacting fire, marine and casualty business. Through American Foreign Insurance Association two agencies were established in the capital city of Khartoum, which has a population of 80,000, located at the junction of the White Nile and the Blue Nile. The territory is a land of cotton, ivory and nine people per square mile. AFIA's Cairo branch will supervise the new business. Emmanuel G. Stamboulieh is Hartford Fire's agent and Tsakiroglou & Co. U. S. Fire's.

Textile Results Better

Textile of High Point, N. C., had a net operating profit of $60,201 for the first quarter of 1958. Written premiums were $523,535, underwriting profit was $46,783, and investment income $13,418. As of April 5, policyholders surplus was approximately $725,000, increased from $580,000 last Dec. 31 by profits and stock sale.

Jerry J. Murphy Jr. and Mrs. Jo Ellen Hussey, who had been part owners of the **William G. Curry agency** of Liberty, Mo., have recently purchased Mr. Curry's interests in the agency.

Sees Paper Work Return To Home Office, No Free Cover, Auto Compensatory System

The electronic computer will take the paper work of the fire and casualty business out of the agency and back to the home offices. The business eventually will come to getting its money when the coverage goes into effect—by cash payment or financing. Automobile coverage will develop into a compensatory system.

These were some of the observations of Minott M. Rowe, president of Worcester Mutual Fire, in his talk to Ohio Assn. of Mutual Agents at its annual meeting in Columbus.

The fire and casualty business is in the midst of two revolutions, he said—on marketing and on coverages. But, he added, the process of change is constantly going on and always has been. This is lost sight of by many in the hullabaloo of the many specific problems of today.

The objective of this business should be to turn revolution into evolution and guide the changes that are going on, he suggested. Unfortunately, at the moment, a great deal is being said and done in panic, which is not a good climate for good or objective judgment.

The revolution in distribution has been going on for some time in other businesses, he said. One thing the public wants is a less expensive product. This has been demonstrated many times. But the product of the orthodox company with an orthodox agency system costs more than that of the independent insurer of whatever type. For one reason, the former contains a great deal of duplication of effort.

In the early days as a business went from the handwritten page to the use of typewriters and other office machines, it became more efficient to have the policies written by the agent himself. The agent became a full timer, and by writing the policies on a typewriter, the agent's own records, the company's records and the policy were all efficiently prepared at one time.

Became More Complicated

As companies and agencies both became larger, the business became more complicated and much clerical work came to be done in the agent's office which had to be checked or in some way rehandled to adapt itself to the company's collection of statistics, operating or management information, and reports to regulators.

As Mr. Rowe sees it, as the typewriter age moved more work into the agency, so the electronic computer age will move it back to the home office. What this will mean to fire and casualty companies can be seen by studying the operations of the life companies, which always have had a home office type of operation. This includes such things as direct billing, anathema to most fire and casualty agents, but a very efficient operation as the life companies do it. Fire and casualty insurers can learn many other things from life company methods of operation. For instance, the life policy is not in force until it is paid off. Extension of credit by the hundreds and hundreds of policies which are written and never taken costs the fire and casualty business an incalculable amount, he declared. Sometime in the future a policy will either be paid for or financed when it is written, Mr. Rowe believes. If financed, whoever carries the credit will get paid for carrying it. There will be throughout the business more pooling of resources to use time and effort saving equipment instead of laborious hand methods.

Sees Better PR Efforts

He also sees better public relations efforts in the future through insurance information services telling the story of the entire business. Those information services studiously avoid anything with which any single phase of the industry is concerned and confine

(CONTINUED ON PAGE 27)

Stress Deductible Angle Of Medical Plans: Ray

When the agent encounters a person who can pay the deductible amount of a major medical plan, the agent's duty is to demonstrate that he should not be carrying basic hospitalization insurance even if his coverage is with the agent himself, said Charles Ray, vice-president Associates Life, at a meeting of Detroit A&S Assn., April 16.

Field men must understand and accept the concept of deductible as it applies to medical care coverage, he declared. "They must sell themselves that the deductible principle as applied to major medical is the only means by which we can provide our clients with last dollar coverage for comprehensive, high-maximum benefit medical care insurance at a premium that most can afford to pay. They should school themselves to the deductible principle and adopt the same attitude they do in selling long-term disability coverage with an elimination period, which is, after all, merely a deductible."

There are two classes of prospects for major medical, Mr. Ray pointed out: Those who have some basic hospital-surgical coverage and need it; and those whose salary range enables them to eliminate basic coverage. In selling major medical, the agent should classify the prospect immediately and make his presentation accordingly.

In selling the person who needs basic coverage, agents should point out that major medical, in addition to offering protection for serious illnesses, also complements the basic policy by covering some expenses not covered by basic plans. In selling those who can afford to pay the basic costs, agents should explain the deductible principle and stress the tax-saving effects of major medical. "If your prospect falls in the 35% bracket and incurs a $3,000 medical expense bill," he said, "he has to earn approximately $4,650 to get the net to pay the $3,000 bill. Then he is faced with the problem of replacing that $4,650, which is impossible. It can only be charged off as a loss."

Arbitration And Medicine On Pa. Claims Men Card

Pennsylvania Claim Men's Assn. will hold its annual convention at Bedford Springs June 6-7. John S. Hollinger, president, will preside at the opening meeting and the speaker will be Bernard H. Hines Jr., assistant to the claim bureau manager of Assn. of Casualty & Surety Companies, on "Inter-Company Arbitration."

On Saturday W. C. Brown, vice-president, will be chairman. Speakers will be Dr. R. N. Richards, Chambersburg, Pa., on "Fractures of the Lower Extremities," and Dr. Henry H. Kessler of Newark on "Rehabilitation of Fractures of the Lower Extremities." Officers will be elected at this session.

AFCO Opens At Los Angeles

AFCO has opened an office in Los Angeles to serve agents in the metropolitan area. The office, which is at 548 South Spring street, will soon become a full-fledged branch serving southern California and Arizona.

Ill. Mutual L.&C. Sets Annual

Illinois Mutual Life & Casualty will hold its annual meeting in Peoria, May 25-27. Qualifying agents and supervisors from the 14 states in which the company operates will attend.

Supreme Court Rules On Alaska WC Act

The Supreme Court has reversed both an Alaska district court and the court of appeals which had held that an award of temporary total disability could not be granted under the workmen's compensation act for physical disability arising from the same accident in which a scheduled, lump sum award for total permanent disability had been granted. The ruling was in favor of Alaska Industrial Board and Carl E. Jenkins, an employe of Chugach Electric Assn., and against the latter and its insurer, General Accident.

Jenkins was injured in the course of his employment and three surgical operations were required: amputation of his left arm at the shoulder; amputation of four toes on his left foot, and later, amputation of his right leg below the knee. The injury occurred in 1950, and the left foot had not healed three years later. As a result Jenkins was for a rather long period totally disabled. His employers made temporary disability payments to him for approximately 38 weeks ($95.34 a week or a total of $3,645). At that point they decided that he had been totally and permanently disabled since the date of the last amputation and was therefore entitled to a lump-sum award of $8,100 under the act and no more. They sent him a check for that amount less the $3,645 already received, or $4,455.

Jenkins applied to the industrial board for continuing benefits for temporary disability, despite his receipt of the lump-sum award. The board allowed him temporary total disability from the date of the last amputation. This temporary total disability, said the board, "continues to this date, no end medical result having been reached."

Chugach Electric Assn. instituted action in the district court to set aside the decision. That court reversed the board and the court of appeals affirmed but modified the judgment so that the lump-sum award was not to be reduced by the amount received as temporary disability prior to that time.

Had Been Compensated

The court of appeals reasoned that the lump-sum award was intended to represent a capitalization of future earnings. It concluded that Jenkins had been compensated by the award for any loss of future earnings and that he could not get a further award for loss of earnings.

The Supreme Court held that lump-sum awards for total or permanent disability ignore wage losses. "Whatever the employe may have made before, whatever his wages may be after the injury, the award is the same," it said. "To that extent it is an arbitrary amount."

There may be a continuing ability to do some work, and as long as that remaining ability exists there is a factual basis for temporary disability awards, the court decided.

Chugach Electric maintained that Jenkins' claim was not timely filed and that for other reasons also the board had no jurisdiction. These questions were decided adversely to respondents by the court of appeals and no cross-petition was sought in the Supreme Court.

Warns Against Advancing Assigned Risk Premiums

Richmond E. Thompson, Valley Stream, N. Y., chairman of New York State Assn. of Insurance Agents' casualty committee, has reported to the association that some agents are advancing premiums to insurers on assigned risk even though they have not received payment from insured.

This should not be done, Mr. Thompson advises, unless the premium is financed or unless insured has previously signed a power of attorney for the agent. If an agent advances the premium and does not collect it from insured, he has no recourse except to go to court, inasmuch as the rules of the assigned risk plan provide for cancellation only when the premium is not received by the plan.

U.S.F.&G. Appoints Johnston At Seattle

John R. Johnston, superintendent of the contract bond department of U.S.F.&G. has been named manager of the Seattle branch which was established after the acquisition of the interests of McCollister & Co., managers for the company there for 30 years. This move completed the change from general agency to branch supervision in western Washington and Alaska.

Karl H. Doerre has been appointed superintendent of the contract bond department succeeding Mr. Johnston, and Carl W. Schmidt has been named assistant superintendent.

Mr. Johnston joined the company in 1937 at Atlanta. Later he went to Jacksonville, and was surety underwriter and special agent before going to the home office contract department in 1953.

Mr. Doerre began with U.S.F.&G. in 1947 at St. Louis, and later was superintendent of surety there and at Portland, Ore. He went to the home office in 1956 as assistant superintendent of the contract bond department.

Mr. Schmidt joined the company in 1953 at Baltimore and was assigned to the contract bond department the following year as an underwriter.

Urges Mutual Companies To Support Medical Schools

Ben H. Mitchell, president of Texas Employers and chairman of the mutual fire and casualty committee of the National Fund for Medical Education, has called upon mutual companies to help the nation's medical schools through the fund.

"If the United States is to maintain its current position of leadership," Mr. Mitchell said, "we must nourish and strengthen our greatest single resource and demonstrate our ability to advance the nation's health and living standards."

"Every corporation," he asserted, "has a stake in medical education, as does every individual. Considering what the medical sciences have added—and can add—to our health and comfort, it is hard to imagine a more worthwhile investment."

New Jersey WC Bureau, Names DiMartino And Swan

Joseph S. DiMartino has been named superintendent of rating and Felix C. Swan superintendent of records of Compensation Rating & Inspection Bureau of New Jersey.

Mr. DiMartino has been with the bureau five years and has been active in the development of machine rating. Mr. Swan, also with the bureau five years, has been supervisor of the general clerical filing division, and more recently assistant in the underwriting division.

Provident Names Directors

Provident of New York has elected to its board Lindsay Bradford, retired vice-chairman of City Bank Farmers Trust Co., New York; Henry C. Breck, partner in J. & W. Seligman & Co., New York; S. Sloan Colt, executive committeeman of Bankers Trust, New York; E. Fleetwood Dunstan, vice-president of Bankers Trust, and E. Roland Harriman and John B. Madden, partners of Brown Brothers, Harriman & Co., New York.

Schermerhorn Heads McKinley

William O. Schermerhorn has been elected chairman of John E. McKinley general agency of Miami, succeeding J. E. McKinley Jr., founder, who died in January. Mrs. John E. McKinley Jr. will retire from active participation in the business but will continue as a director.

Mr. Schermerhorn has been until recently executive vice-president of Excess Covers Inc. and has been in the business for 22 years. He is a director of Empire Ins. Co. and West Indies Ins. Co.

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Assn. of Bond Underwriters of New York City will hear Frederick H. Zurmuhlen, commissioner of the department of public works of the city, at the May 14 meeting.

Nuclear Exclusion Is Mandatory In N. E.

New England Fire Insurance Rating Assn. has made mandatory a nuclear exclusion endorsement on all fire policies.

The clause states that the word "fire" in a policy or endorsements attached thereto is not intended to and will not embrace nuclear reaction or nuclear radiation or radioactive contamination, whether controlled or uncontrolled, and loss from these causes is not covered whether direct or indirect, proximate or remote, or wholly or partly caused by, contributed to, or aggravated by fire or any other perils insured against by the policy or its endorsements.

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Lealand H. Gove, state agent of Aetna Fire at Boston, has retired to the reserve force. He joined the company in 1926 and was its first casualty field specialist at the Boston office.

Insurers Win Case On Defense Of Fraud

A New York county supreme court jury has rendered a verdict for 16 fire insurers, dismissing the complaint of Happy Hank Auction Co. The action grew out of a fire which occurred Dec. 7, 1953, at the retail furniture store operated by insured at 165-169 East 125th street, New York.

Insurers acknowledge that $95,000 of insurance was in effect on the date the fire occurred, and that considerable damage had been done to insured's stock of merchandise and to the improvements, betterments and fixtures which insured had installed in the rented premises which it occupied.

The insurers, however, asserted as affirmative defenses that the policies had been voided by reason of fraud, false swearing, misrepresentation and concealment, and that therefore insured was not entitled to recover even the acknowledged loss.

The trial lasted 5½ weeks. A judgment will be entered on the verdict dismissing the complaint, with costs, which means that insured will recover nothing.

In Litigation Since 1954

This action has been in litigation since 1954. The insurers originally contended that as a matter of law their policies had been voided by reason of various concealments during a lengthy examination of the insured under oath, which had been conducted prior to the commencement of suit pursuant to provisions of the standard fire policy. The New York court of appeals, however, reversing the appellate division of the supreme court, held in a decision which it rendered in 1956 that such a determination could not be made on affidavits alone. It directed the recently concluded trial for the resolution of factual issues.

The companies in the case were American Eagle Fire, American National Fire, Hanover Fire, L.&L.&G., Camden Fire, Scottish Union, Home, North America, Commonwealth, Providence Washington, Springfield F.&M., Federal, Aetna Fire, Home F.&M., Ins. Co. of California, and Niagara Fire.

Gilbert Goldstein of Goldstein & Goldstein represented insured, and Herbert P. Polk of Lowenstein, Pitcher, Spence, Hotchkiss, Amann & Parr the insurers.

Expect 1,500 At Texas Agents' Parley In Houston

Texas Assn. of Insurance Agents convention in Houston, May 15-17, is expecting an attendance of 1,500.

Speakers will be Penn J. Jackson, Texas department; Louie E. Woodbury Jr., president NAIA, and Wilson C. Jainsen, president Hartford Accident.

Marley Styner is general chairman, and a number of events have been scheduled for visiting wives.

Knowlton Gets 4th Term

Insurance Commissioner Donald Knowlton of New Hampshire has been reappointed for a fourth term. He has been in office since 1943.

St. Louis Pond To Meet

St. Louis pond will meet May 12 at the Missouri Athletic Club. Many candidates for initiation have been suggested by the ganders. Members were advised to tune in the special series on insurance being telecast by station KETC-TV every Friday at 9:30 p.m.

Service Guide

Stop Family Fights And Attack Common Problems, Baier Tells New York Mutual Agents At Annual

(CONTINUED FROM PAGE 19)

your client's needs for your expert service. The constant changes in forms, rates and insurance requirements have made unceasing vigilance on your part essential to proper service and retention of business. No longer can you go on mailing out renewals, year after year, without personal contact with insured. Your client needs to know you, and you need to keep your acquaintance fresh with him. There is going to be a new insurance man knocking at his door constantly, and your new competition is armed with new tools and door openers. I do not believe that ever again can a general insurance agent begin to slow down in his forties or fifties, confident in the knowledge that the business he has earned with his work in the past will stay with his agency for the rest of his life. The cash value of a local agency in terms of renewals is shrinking, for neglected business is vulnerable today. With the spread of compulsory, automobile lines tend to become liabilities instead of assets to agencies," Mr. Woodland stated.

He added that all is not lost and that there is a brighter future than ever for agents who realize that an agency's value is based on what it has done for clients recently, what it can do for them now and in the future.

He concluded by emphasizing the importance of bringing new blood into an agency and allowing the newcomer to identify his own personal success with the firm's continued progress. In this way, he said, the transition can be made from the horse and buggy era to the jet propelled multiple line age of greater independent agency service and greater opportunities.

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John H. Byers, inland marine special agent of Great American group, addressed **Port Huron Insurance Women's Assn.** recently, talking on yacht insurance. D. C. McCalmon of Western Adjustment's Port Huron office explained the adjuster's procedures.

Twice The '56 Underwriting Loss Shown

(CONTINUED FROM PAGE 2)

losses and loss expenses increased to a greater degree, producing a ratio to premiums earned of 63.6 compared with 61.6 in 1956. Underwriting expenses incurred followed exactly the pattern for all companies shown above, with a resulting ratio to net premiums written of 40.7, just 1% lower than in 1956.

Mutuals

The total number of mutual companies tabulated for 1957 is 307 compared with 321 in 1956. This reduction is due to the number of mergers of comparatively small mutuals that operated in a restricted territory and found themselves unable to convert to a multiple line basis. These 307 companies had assets at the end of 1957 of $1,251,271,358, down some three and a half million from the total for 321 companies in 1956. Net premiums written increased 4.8% to $635,387,273 and premiums earned reached $623,375,931. Losses and loss expenses incurred reached $344,421,734 to produce a loss ratio to premiums earned of 55.3 compared with 53.9 in 1956. The expense ratio of underwriting expenses incurred to net premiums written of 34.4 is 5% lower than a year ago. These companies show a gain from underwriting before dividends to policyholders of $60,285,830. The tabulation of dividends to policyholders is new this year, and for these companies totaled $70,416,089.

Alien Insurers Have Similar Results

Similar totals indicating the same general kind of results have been tabulated for the United States branches of 56 foreign companies, for 37 exclusively reinsurance companies, and 27 reciprocal exchanges and Lloyds organizations. A separate tabulation of the Factory Mutual companies is also included.

In another tabulation of the results of 515 stock companies are the premiums earned, losses incurred excluding loss adjustment expenses, and the resulting loss ratio classified according to the fire lines written. For straight fire business the premiums earned were $1,342,133,000 with losses incurred of $691,323,000 for a loss ratio of 51.5. Ocean marine produced earned premiums of $195 million and a loss ratio of 68.1 while the inland marine loss ratio was 57.6 on $308,488,000 premiums. Extended cover premiums were $488,913,000 with a loss ratio of exactly 50%. Homeowners produced premiums earned of $134,760,000 with a loss ratio of 51.6. These figures as well as many others not quoted here are reproduced from the *Argus Fire Chart* in the accompanying table.

In addition to this comprehensive set of totals of all kinds, the *Argus Fire Chart* presents complete statistics on individual companies in its main exhibits and in numerous special tables. These tables show the territories in which the companies operate, the underwriting and investment results both for individual companies and as groups where there are group affiliations, and the classification of premiums and losses by lines written both for companies and groups. Multiple line underwriting results are indicated by direct reference to its companion publication, the *Argus Casualty & Surety Chart*, issued annually a few weeks after the fire volume.

(The new 1958 *Argus Fire Chart* is available now, at $2.50 per copy—less for quantity orders—through the reference book department of the National Underwriter Co., 420 East Fourth street, Cincinnati 2, Ohio or any of its branch offices.)

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Ban Coverage On American Ships Under Foreign Flags

Two Norwegian insurance societies have refused to continue to cover American owned ships operating under flags of Liberia and Panama. This is the first step in a possible campaign against owners who register their ships under "flags of convenience" of these two countries and Honduras.

The Norwegians have urged British insurers, which write much of the maritime business, to take similar action.

Marine underwriters have noted heavy losses among ships registered in the three countries and attribute the poor experience to lower safety standards due to inferior personnel, inadequate equipment and lack of enforcement of regulations.

American owners, who have about 15 million deadweight tons registered abroad, contend this is the only way they can compete with low cost European operations.

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Tenn. 1752 Club Elects

NASHVILLE—Tennessee 1752 Club met here during the meeting of Tennessee Assn. of Mutual Insurance Agents and elected the following officers, all of Nashville: W. L. Strubel, Michigan Mutual, president; James Nuggent, Pennsylvania Lumbermens, vice-president, and J. M. Clinard, Jr., Shelby Mutual, secretary.

Sees Paper Work Return To Home Office

(CONTINUED FROM PAGE 20)

themselves to that in which all are interested.

Mr. Rowe sees the need to have more research to determine what the public needs and wants. The business then must devise products to satisfy the public at prices it can afford to pay. The business may be trying to sell the public some things now that it wants the public to have at prices the public can't afford to pay.

With the increasing affiliation of life, fire and casualty and payment to one insurer for several coverages by the month, the agent will need to represent one company which has all lines. The agent will do practically no selling except survey selling, he said.

Will Be Larger, Better Staffed

Some other inexpensive method of handling the mass market will be developed. This will mean the agency of the future will be larger and better staffed. It will have an expert on each line because the business has grown so complicated that no one man can be an expert in every line.

Each solicitor will need to have a general knowledge of all lines in order to know what data to secure from the customer to prepare a survey or proposal. He will make the contact, arrange the interviews from which he secures all of the necessary information. On his return to the office each one of the experts available will do his part in the preparation of that particular survey. The man who made the original contact will return to his insured with the complete proposal and will know how to explain it. As far as insured is concerned, he has dealt with one man and that's what he wants.

Sees Compensatory System

The mass automobile market Mr. Rowe suggests will develop into a kind of compensatory system. The public is convinced that driving an automobile and automobile insurance constitute a social problem and that anyone hurt by an automobile accident, physically or financially, must be compensated by someone, either a person, an insurer or a government agency, regardless of fault. Consequently, at some point in the future the handling of automobile compensation may be through a compensation board. The awards will be paid either by public funds or insurers —and probably funds.

Mr. Rowe does not believe the public will accept the rates that private business would need under such a system, or that they would not accept the alternative of taking the drastic measures necessary to reduce tremendous loss of life and property caused by automobiles. The public eventually will pay, but part of the payment will come through taxes and will not be recognized as the price of driving a car.

The insurance business did not develop to its present size and strength just to establish and preserve the agent's position or the company official's post, but because it performed an important service for the public, he said. Many of the changes ahead will affect agents. But all of them will affect the companies. To try to decide which is most affected would be futile. Agents and companies were partners before the age of the typewriter. They have been partners through the age of the typewriter, and by continuing to be partners in the electronic age they will all share in the prosperity that will inevitably result as they do their job better, he declared.

Northwestern Mutual Names McNutt, Porter To New Posts

Northwestern Mutual has promoted John McNutt Jr. to assistant manager of the southwestern department at Dallas, and Jay Porter to assistant manager of the southern California department at Los Angeles. They have been in the field in those territories.

Talks On Boat Coverage

Hudson County, N. J., Assn. of Insurance Agents heard George Healey, manager of the Newark marine department of Aetna Casualty, speak on "Selling Outboard Motor Boat and Yacht Coverage" at the April meeting at North Bergen.

Mayor's Order Shuts Business Three Days But Insured Can't Recover U&O Loss

Pennsylvania's eastern district supreme court has upheld the court of common pleas in denying recovery under a business interruption policy to a firm which closed during Hurricane Diane on an emergency order from the mayor of Scranton. The Cleland Simpson Co. sought recovery from Firemen's, which denied liability. The case is reported in 9 CCH (Fire & Casualty) 544.

Though insurer won the case, the interesting and colorful part of the decision is the dissent of Judge Musmanno of the high court.

The mayor proclaimed a state of emergency and ordered all stores in the city to close because of serious fire damage attending the hurricane, Judge Musmanno said. The Cleland Simpson Co. obeyed the order and for three days ceased business operations, with consequent heavy money losses. It endeavored to recoup these losses by turning to its fire insurance policy, a provision of which reads: "Interruption by civil authority: Liability under this policy is extended to include actual loss as covered hereunder sustained during the period of time, not exceeding two weeks, when as a direct result of a peril insured against access to the premises described is prohibited by order of civil authority."

Judge Musmanno observed that "in this appeal we are not concerned with any complicated question of law. All that is needed in disposing of this case is a dictionary." The majority of the court concluded "that the clear language of the policy restricts the loss to that following a direct invasion of the property by fire or another specified peril and the subsequent prohibition by civil authority of access to the properties."

"But does the clear language of the policy so state?" Judge Musmanno asks and repeats the policy provision which is the battleground of this controversy: "Liability under this policy is extended to include actual loss as covered hereunder sustained during the period of time, not exceeding two weeks, when as a direct result of a peril insured against access to the premises described is prohibited by order of civil authority.

"It will be noted that the paragraph says nothing about a 'direct invasion of the property by fire.' It says that the insured is entitled to recovery when the order of civil authority prevents access to one's premises as a direct result of 'a peril insured against.' What is the peril insured against? Obviously, fire. What was the peril which the good mayor of Scranton was seeking to prevent? Obviously, fire.

"In order to arrive at the conclusion reached by the majority of this court, the insurance provision would have had to read that liability is extended to include actual loss 'as a direct result of *destruction* caused by fire.'

"After the majority once laid down the fallacy that the policy was speaking of destruction by fire instead of peril by fire, it moved into an amplifiction of that fallacy, namely, 'Here the specified peril is fire; the risk insured against is loss of profit through business interruption caused directly by fire and extended for a period of time to continued interruption caused by the action of civil authorities in preventing access to the business premises as a direct result of fire.'"

Insured Against Peril

But the risk insured against in the policy was not loss of profit caused directly by fire, he repeated, but, in the direct words of the policy, the *peril* of fire, which caused the civil authorities to prohibit admittance to insured's premises."

He quotes Webster as defining "peril" as "the situation of or state of being in impending or threatening danger; exposure of one's person, property, health, morals, or the like, to the risk of being injured, destroyed or lost."

The majority insists that there had to be a fire before the plaintiff in this case could recover. Of course, we are always speaking here of fire away from the insured premises because, obviously, if the premises were touched by fire, there would be no question of recovery under other provisions of the policy."

The reasoning of the majority opinion concedes that if several buildings in the vicinity of the plaintiff's property had actually caught fire, even though the plaintiff's property was not touched by a single flame or cinder, the plaintiff would be entitled to recover, but if it is shown that, in spite of the intervention of civil authority to prevent fire, no fire resulted, the plaintiff has suffered no loss.

"But the plaintiff suffered its losses regardless of whether the neighboring house caught fire or not," Judge Musmanno declared. "It suffered losses when the mayor padlocked the plaintiff's doors because of the peril of fire."

But "liability on the part of the defendant company attached just as soon as the mayor issued his order for the plaintiff to close its doors because of the *peril* of fire," the dissent declared. "That is exactly what the company received premiums for, and that is exactly what the plaintiff insured against."

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Western Adjustment has moved its Emporia, Kan., office to 909 Commercial street.

Phoenix-Conn. Names General Adjuster

William J. Sinnamon Jr. has been appointed general adjuster of Phoenix-Connecticut at the home office. He joined the company in 1946 and was made a claims adjuster in 1950. In 1952 he was promoted to assistant general adjuster. He is past chairman of New England Claims Executives Conference.

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Plan Insurer To Pay Union Members For Wage Loss

WASHINGTON—United Employees Ins. Co., a Delaware corporation, has filed a statement with Securities & Exchange Commission seeking registration of 2 million shares of $5 par common stock, to be offered at $10 per share, with 10% of gross proceeds paid to promoters responsible for the sale.

According to SEC, the insurer was organized Feb. 25, 1957, and proposes to write a single line of insurance—group policies on members of organized labor unions against loss of wages during periods of work stoppage.

Regulation Being Asked For More Than Should Be Expected From It

(CONTINUED FROM PAGE 1)

regulation for less, and shoulder more of its own responsibilities, the problems involved might come to a quicker solution or be diminished.

The first step is to decide whose responsibilities are whose. Legislators might be persuaded by the business and the commissioners to define more sharply the limits within which commissioners should be responsible to the public, and in certain respects reduce them.

The criticism that regulation subjects an essential business to the standard of politics instead of economics seems to be a valid one.

However, if you put this directly, and declare that in a certain state a certain rate filing was disapproved because the commissioner was told by the governor to disapprove it in the interests of an impending political campaign, the criticism is much harder to substantiate. In at least one instance where this charge was made, in New York, it does not appear to have been fact, although the reasoning of the department is decidedly weak and even fractious.

But it is hardly necessary for a commissioner to be told by the governor, directly or indirectly, to make decisions that are responsive to political rather than economic considerations.

Assume That Actions Were Honest

Put aside for the moment political expediency and its effect on the fire and casualty business, and assume that the actions of the New York departments were the result of honest and individual judgment by a department head. Then, take a look at their reasoning.

Two points made by New York in disapproving the auto liability rate increase are especially pertinent to this discussion.

For one thing New York argued that too much of the data on which the increase was based consisted of estimated claim costs and not claim dollars already spent.

But in what other way can the time lag between pricing and payment be reduced except by the use of informed, judicious estimates of what the payments not yet paid are going to be?

To wait till the paid figures are in would add years to a rate change decision. If experience were improving, the department's view of insurer claim cost estimates would be different.

Inability Is Illustrated

The inability of the non-insurance man to understand fully the time factor in insurance, its nature and effects, is well illustrated in the New York decision. In the property field, the period between the sale of coverage and its delivery in loss payments is one to five years, in liability five to ten or more, and in workmen's compensation medical may be 25. To these you must add the time required for accumulating the figures on which you are going to base rates at which to sell coverage for delivery at a future date, after you get the rates approved by the insurance commissioner.

The price at which the insurer sold the coverage is always fixed long before delivery.

Consequently, the price of fire and particularly the price of liability insurance is almost always incorrect. Most often the error is on the short side of adequacy.

Secondly, New York put in testimony to show how much the auto liability insurers had grown in 10 years in assets and surplus.

The implication that the auto liability insurers had accumulated enough in 10 years to stand the kind of losses they are taking in New York, and do so indefinitely, points to a real weakness in price regulation. This is because the power to regulate prices places in the hands of someone whose future and fortune are not involved in the business at all the power to second guess the management that has to decide what those prices ought to be.

That basic function of that management is to use all of the creative talents and energies the economic organism possesses to decide how to grow. Not how fast, but, in the face of its natural as opposed to its artificial difficulties, such as this one, how to grow at all.

Regulation cannot be absolved of part of the blame for the slow attrition of the fire and casualty business under closely regulated prices. Even before 1955-58 it was apparent that the fire and casualty business had been unable as a whole to grow, expand and deliver what a growing, expanding, and increasingly complicated economy and society needed.

The insurer that has lost surplus in a field where rates are inadequate cannot afford to take more chances; it has to take fewer. It cannot afford to develop new business but must reduce the business it has been taking. The fact that the business has failed to grow in the same degree that the economy has grown can be seen also by comparison with a healthy, energetic, well-manned life insurance business, whose rates are almost all unregulated. Perhaps this is one of the sound, basic reasons why fire and casualty companies should have life affiliates.

Who is to say at what rate and to what size this business is to grow? Management or the regulator? Other businesses grow as well as their abilities, skill, energy and competitive savvy will enable them to do. The fire and casualty business has an additional difficulty to overcome:

They must get approval of rates from a regulator who occupies the insurance commission's post for relatively short periods, and whose chief concern is the immediate or short range effect of what he does on political developments. Consequently, it is not realistic to look to him for a long term assessment of what may be good for the business and the public.

Has To Use Price Regulated Industries

Where else can the government stop a rise in prices except in those few business and industries that are price regulated?

The temptation to do so is great. The responsibility is almost too great. As the past two years have demonstrated, it will be too great at precisely those times when adjustment has to be the largest and quickest.

A flat disapproval of a rate increase

is at least clear cut and forthright. But those situations in which a department grants only part of a rate increase and the companies accept it, fall in a different category. Here you have genuine expediency.

In several respects these cases are more significant than those in which the increase was wholly disapproved. For here the commissioner squeezes the companies out of half or a third of the increase, which gives him political defense, but manages not to go so far that the companies will take him to court.

It is not surprising that in recent times many of these rate compromises have come to public view, as in New Jersey after a public hearing. But many of them are never discussed publicly, and only the bureau people, company committees, and the insurance departments know about them. One commissioner has conceded that it is and has been the practice in his department to meet the initial proposals of insurers for rate increases by allowing them less than they ask.

With every compromise of this kind, aren't the companies letting themselves be pushed into management decisions that aren't necessarily sound but only expedient? Aren't they, in bits and bites, trading a full future for the palliation of a temporary difficulty? To an observer this seems to demonstrate somewhat too little confidence in rate making and somewhat too small a belief in the product the business delivers to the public.

The insurance departments, along with other governmental agencies, including the FTC, are secondary in character and function and political in texture. They do not have primary police power. They do not have prime judicial authority. Where the commissioner is appointive, he does not have primary political status, and even if elected, he is not in a key political post. A commissioner can and does make rulings, but in this area he possesses only limited scope—the legislature remains the basic source of authority.

Those who today may be leaning slightly toward the federal type of control should read in full the newspaper reports of recent investigations into the operation of federal agencies. The cold winds of that experience should revitalize their preference for state regulation.

Simplification Claimed As Advantage

One advantage claimed for federal regulation is simplification, especially a reduction in the effects of balkanization in state rule. But this is an illusory possibility. You cannot trade state regulation for federal. You can only get both. This, I am convinced would contravene a tenet of good government—the less there is of it, the better off you are. You already have too much.

The railroads, of course, long have had dual regulation, and because they were regulated in the years 1940-1957 they were not allowed to accumulate those reserves which are standing in good stead today the businesses and industries they serve. As a result, by March 20, they had only enough cash on hand to last 20 days. The legislators and the administration responded to the request of railroads for elimination of a special tax on their services and for greater freedom from regulation so they could meet their natural competition with—a $750 million subsidy.

Federal agencies also are secondary in character and function. They, too, are politically created. Their personnel is politically appointed. How can they be expected to operate free of political influence?

Have Shown Little Interest

One of the astonishing things about all of the ground covered by the congressional investigation of federal agencies is that the investigators have shown little interest in the serious purpose for which the agencies were created and how well they have served that purpose.

It is, to be sure, important that those who confer governmental privileges on individuals and businesses be honest. But the almost exclusive concentration on honesty begs many vital issues in which the public has a real concern.

For when the railroads close down, or have to be taken over by the government, when insurers lose so much surplus they cannot provide an adequate market for insurance, and foreign underwriters and government funds have to supply it, the public has been gulled, whether it realizes it or not.

Many Changes In New Family Auto Policy

(CONTINUED FROM PAGE 2)

carry insurance on them and invoked governmental immunity in case of accidents.

There were also objections in cases where insured under the family policy worked for a self-insured corporation and regularly drove an automobile owned by the corporation.

Sentiment for this change was not unanimous, supporters of the original form maintaining that these cases are exceptional and should be spotted by an underwriter. But it soon became evident that the negative side was winning the argument. A number of non-bureau insurers have already made this change and some never incorporated the broad coverage into their policies.

Are Covered For Non-Business Use

The effect of the new language is that named insured and spouse are covered for non-business use of any non-owned automobile, of any type, and for business use of non-owned private passenger automobiles, provided, in each case, the automobile is not furnished for regular use to the named insured, spouse or any relative living with them. Relatives living with insured are covered, as before, only for non-business use of private passenger automobiles not regularly furnished them. Broader coverage may be obtained by either class of person under the extended non-owned automobile endorsement, for an additional premium. There is now only one such endorsement, which may be used either for the named insured or for a relative.

Another Change Given

Another change in drive other cars coverage which seems certain to provoke discussion is the incorporation of a requirement that coverage applies only if a non-owned automobile is operated with permission of its owner.

At one time, this restriction was in many drive other cars endorsements. But it has not been part of standard language for many years, at least since drive other cars coverage was incorporated into the basic automobile liability policy. There has been considerable uneasiness over an insurance company being required to protect insured who had stolen an automobile, and this change undoubtedly reflects that feeling.

Permission Is Debatable

The argument against the change is that there are many cases where, although there was no intent to steal the automobile, actual permission of the owner was debatable. This has been particularly acute in cases where the named insured lets his son drive the family automobile, the son in turn letting a friend drive it and an accident occurring. Under all standard or usual forms of automobile liability insurance, the company insuring that automobile specifically is required to cover the friend only if some form of permission from the parents—not from the son—can be established. Many cases have gone to court on this point, with varying results. Up to now, if the friend's parents were protected by the family automobile policy, or if the friend had some standard form of drive cars coverage, that insurance would protect him as primary coverage if it were established that the insurer of the driven automobile was out of the picture, due to lack of permission.

Under the new family automobile policy, there will be no coverage available to the friend under either policy if permission cannot be established.

The argument over whether motorcycles, motor scooters and such vehicles are "private passenger automobiles" and hence covered under the policy has been settled by a new definition of "private passenger automobile" which restricts it to "four wheel" vehicles. This makes it clear that, if the named insured owns any motorcycles or scooters, he will have to insure them specifically.

Motorcycles Are Not Covered

Likewise, since all non-owned automobile coverage for relatives and non-owned business coverage for the named insured and spouse is restricted to private passenger automobiles, motorcycles and the like are clearly not covered under those circumstances.

On the other hand, since non-business drive other cars coverage for the named insured and spouse applies simply to an "automobile," these vehicles are covered under those circumstances if they are not owned by insured or furnished for his regular use.

Some arguments over coverage of light utility trucks have been cleared up, and the protection of these vehicles has been reduced to some ex-

tent. The original family policy did not exclude business use of these vehicles—defined in the policy as those of the pick up body, sedan delivery or panel truck type, with a load capacity of 1,500 pounds or less—but the rules prohibited using the family policy to cover them.

Up to now, where insured used such a vehicle in business—usually rated as a class 6 truck—it was necessary to exclude it specifically from the policy by endorsement, and insured did have automatic coverage if he acquired such an automobile during the policy term or changed the use of a utility automobile from personal to business. The new definition of "utility automobile" now has the qualification "not to use for business or commercial purposes," so there is simply no coverage under such circumstances and it is not necessary to exclude class 6 trucks. They must be insured specifically under the basic policy.

Farm trucks now are specifically covered under the family policy, as to liability, medical payments and physical damage. The policy refers to "farm automobiles," meaning those of the truck type with a load capacity of 1,500 pounds or less, not used for business or commercial purposes other than farming. For liability and medical payments purposes, farm wagons and farm implements are covered as "trailers" while being used with a farm automobile. There is, however, no PHD coverage on these wagons and implements, and the liability section excludes operation of farm machinery.

Any automobile owned by the named insured (which includes his or her spouse) now is excluded as a temporary substitute automobile. Automobiles owned by other members of the family are not excluded, and there is no restriction on the type of automobile.

An annoying argument has been cleared up by a rearrangement of the exclusion of liability for damage to property owned, transported by, rented to or in charge of insured. Following the change made in the 1955 revision of the basic policy, this exclusion in the 1956 family automobile policy had the qualification "other than a residence or private garage." The intent was that the policy should cover liability of insured for damage to a rented residence or garage. It was argued, however, that the exclusion was so worded that it made the policy cover damage insured might do to his own residence or garage.

Direct Damage Cover Not Intended

It was never intended that a liability policy should provide direct damage insurance—insured cannot be liable to himself—but there was danger of a court finding an ambiguity, and it is understood that some companies paid occasional claims of this type rather than risk a law suit. The new policy breaks this exclusion into two parts, and the expression "other than a residence or private garage" now clearly applies only to property rented to or in charge of insured.

The limited nuclear energy exclusion has been incorporated into the printed conditions

Few substantive changes were made in medical payments coverage, but there are a number of clarifications. The much discussed exclusion (b) (1) has been reworded. This is the portion intended to eliminate coverage for the named insured and family if injured while occupying an automobile owned in the family but not insured under the policy. The destinction between "an automobile owned by the named insured or any relative" and "an owned automobile" was a poser to many.

Ties Exception To Policy Definition

The new exclusion states that the policy does not cover injury sustained by the named insured or a relative "while occupying an automobile owned by or furnished for the regular use of either the named insured or any relative, other than an automobile defined herein as an 'owned automobile.'" This ties the exception to a policy definition. It is hoped that it will be less confusing. Coverage is somewhat cut down, since no member of the family is covered while riding in an automobile furnished for regular use to any member of the family, just as there is no liability insurance on any such automobile.

The "other insurance" part of the medical payments feature has been amplified. As before, it makes cover-

age excess where temporary substitute or non-owned automobiles are involved. A new part of this clause states that insurance shall otherwise pro rate with other medical payments insurance. This would apply, for example, to a case where insured has two automobiles, insured under separate policies, each with medical payments coverage, and he or a member of his family is struck by an automobile. Under those circumstances, the sum of the two medical payments limits is available, if expenses amount to that much. But recovery is pro rated between the two policies if they are less than this sum. This was always intended, but the lack of a specific provision along these lines made some people fear that a court might award double recovery under such circumstances.

In the physical damage section, the loss of use coverage in case of theft has been liberalized. The limit of transportation expenses has been raised from $5 per day to $10 and the aggregate limit from $150 to $300. Recovery now begins 48 hours after a theft has been reported to the company and to the police, instead of 72 hours. The question of termination has been clarified by a provision that this coverage runs until the automobile has been returned to use or the company pays the loss, thus avoiding arguments in cases where a stolen automobile is recovered badly damaged and some time is needed to repair it.

Portion Was Amended

Last fall, this portion of the policy was amended to provide that it did not cover the interest of anyone in the "automobile business" selling, repairing, servicing, storing or parking automobiles." This was done to make it clear that there is no intent to waive subrogation against a garage or similar business which might be liable for damage to the automobile. This provision has been incorporated into the new policy and strengthened by the addition of "a carrier or other bailee for hire," thus preserving subrogation against railroads, ferries, etc.

There is a new exclusion of loss due to radioactive contamination. Another new exclusion is intended to apply in cases where insured acquires a new automobile and PHD insurance is placed upon it through the dealer, finance company or otherwise. The new exclusion states that there is no physical damage coverage on an eligible automobile owned by insured and not described in the policy, if insured has other valid and collectible insurance against the loss. This prevents both double coverage on the automobile and the insured being automatically liable for an additional physical damage premium.

Otherwise, the controversial automatic coverage provisions are unchanged, the policy covering any eligible automobile acquired by the insured, subject to the insured reporting changes any time during the policy period and a premium adjustment being made. Companies still have the option of requiring 30 days notice of newly acquired automobiles.

Uninsured motorist coverage, which is part IV of the policy, is titled "Protection Against Uninsured Motorists," but companies may optionally call it "Family Protection Coverage," the term used by National Bureau of Casualty Underwriters when the coverage was standardized for general use late in 1956. Provisions are substantially the same as in the endorsement previously used, except that there has been added an exclusion providing this feature does not apply to an insured occupying an automobile owned by the named insured and principally garaged in a state where uninsured motorist coverage is not authorized.

Hartford Accident Names Three Claims Managers

Hartford Accident has named Charles A. Hall claims supervisor at Albany, Walter D. Jennings claims manager at Glens Falls, N. Y., and James M. Furlong claims manager at Plattsburg, N. Y.

Mr. Hall joined the Hartford claim department at Cleveland in 1949 and later served in the Carolinas before assignment to Albany as claims representative in 1957. Mr. Jennings joined the company as a claims adjuster at Oneida, N. Y., in 1951. He served at Plattsburg as resident adjuster and special agent and since 1956 as claims manager. Mr. Furlong joined the company in 1955 as a claims representative at Albany.

Tenn. C.&S. Assn. Elects

Casualty & Surety Assn. of Tennessee has named W. T. Parish, Nashville manager of U.S.F.&G. as president to succeed Harold C. Kopp, Pacific Employers, who joins the executive committee.

Others elected were: E. T. Gaither Jr., Pacific National, vice-president; H. H. Robinson, Richardson, Scott & Lyl, secretary, and Paul C. Cost Jr., American Casualty, treasurer.

Keller Promoted At Toledo

Western Adjustment has promoted J. R. Keller to manager at Toledo. He was formerly manager at Sandusky, and has been with Western since 1937.

Accident & Sickness

Larson To A&S Post For Aetna Life

Rudolph C. Larson, field supervisor of Aetna Casualty, has been named assistant secretary in charge of the A&S department of Aetna Life. He succeeds Secretary Paul H. Rogers who retired.

Mr. Larson has been in the casualty agency department for 36 years and was appointed field supervisor in 1938. For many years he was in charge of A&S sales for Aetna Casualty.

Mr. Rogers joined Aetna Life in the A&S department in 1933 and was appointed assistant secretary in 1939 and secretary in 1956.

Shoulder Blue Cross Tasks Imposed By Smith Of Pa.

The Pennsylvania Blue Cross board met in special session following the recent adjudication of Commissioner Smith wherein he granted partial rate increases, assumed control of A&S rates and issued operating orders to the plans and to hospitals.

Blue Cross will cooperate with Pennsylvania State Medical Society and with the non-partisan commission to be appointed by Gov. Leader at Commissioner Smith's suggestion to carry out studies in the hospital-medical care field.

Clement W. Hunt, executive director of Capital Hospital Service, said that pertinent statistical information will be made available to authorized study groups in their efforts to discover areas of improvement in the financing of hospital and medical care.

The medical society plans a thorough study of the use of hospital facilities.

Mr. Hunt also released the plan's latest financial statement, which shows a net deficit of $446,370, representing 11.5% of income, during the first three months of 1958. During March alone, he pointed out, payments to hospitals amounted to $1,311,952.

The rate schedule which will go into effect in June carries no provision for replenishing the reserve fund.

W. O. Peterson To Head Minnesota A&H Assn.

MINNEAPOLIS—William O. Peterson, general agent of Pioneer Mutual Life of St. Paul, has been elected president of Minnesota Assn. of A&H Underwriters. Vice-presidents elected are A. R. Jepson and N. C. Stockholm of Duluth; Mrs. Ellen Glenn and Raymond Blumsenshien of Mankato; Robert Owen and William Johnson of St. Paul; Robert Harper and Harold Thompson of Minneapolis; H. J. Van Meter of Fairmont; and Henry Sjodin of Willmar. Arne H. Bruheim of Minneapolis was elected secretary-treasurer.

General Accident Appoints Meister Chicago A&H Head

Richard W. Meister has been appointed A&H regional supervisor in Chicago by General Accident. He has been in the A&H field since 1950, and prior to joining General Accident had done group sales promotional work.

Illinois Mutual L.&C. Names Warner In Field

Clarence R. Warner of Kewanee, Ill., has been appointed field supervisor for northern Illinois replacing Robert Brady. Mr. Brady has been transferred to the home office at Peoria as a special group representative.

Hartford Accident Has New Hospital Policy

Hartford Accident has introduced a new hospital expense policy for individuals or families. It supplants—with a number of broadening features and improvements—the company's separate individual and family policies. The contract provides daily hospital benefits of from $5 to $20, and pays up to 180 days for each unrelated confinement.

Benefits of 10 or 20 times daily benefit are allowed for miscellaneous expenses. Other features include:

Allowance of from $50 to $400 for out-patient treatment of accidental injuries and hospital charges stemming from surgery performed as part of out-patient treatment of sickness or injuries; up to $50 for x-ray and laboratory fees; maternity benefits of from $50 to $200, and daily allowance of $3, $4 or $5 for physicians' visits to hospital.

In addition, surgical cover is available at the insured's option, with benefits up to $400.

Says Salesmen Can Cure Nation's Economic Ills

Salesmen throughout the United States have it within their power "to sell the country out of the recession. With savings deposits at an all time high, there is no question but what the American public is blessed with a strong purchasing power despite the current economic difficulties," said Jack Olson, vice-president and director of agencies for Combined Ins. Co. in a speech before St. Charles, Ill., A&H Assn.

Mr. Olson pointed out that a large part of the current recession is due to a general fall-off in spending. "It is now that we salesmen have one of the truly great challenges of our lives. We literally have it within our ability to cure the nation's present economic ills by hard and honest selling—by inducing customers to buy. A new wave of mass selling and buying would wipe out the recession almost overnight."

Mr. Olson emphasized that the time is especially ripe for all-out selling of the necessities in life, such as A&H insurance.

Sykes A&S Superintendent For General Accident

General Accident has appointed James S. Sykes as superintendent of the A&S department, succeeding Fred M. Walters, who requested a realignment of his duties on medical advice, but will remain active as associate superintendent.

Harrison To A&H Post For Continental Casualty

Hugh M. Harrison has been named A&H manager at Continental Casualty's Detroit office. He has been with the company since 1952, and until his promotion was assistant superintendent of the commercial division.

A&S Bills Signed In N. Y.

Gov. Harriman has signed the Metcalf compromise health bills affecting A&S in New York state. They are effective July 1, 1959, and provide that after two years an insurer cannot refuse to renew any A&S policy because of a mental or physical change in the insured. Conversion privileges on group policies are to be available to employer-union groups which desire them, with minimum benefits of $10 a day for 21 days for hospital room and board, $100 for miscellaneous hospital expenses and $200 for surgical expenses. New insured will have a ten day approval period with the entire premium to be refundable within that time. All term policies are to indicate clearly any limitation on age and period of coverage. On policies which are not guaranteed renewable, insurers may not cancel or refuse renewal except on anniversary dates and then with 30 days notice, not five as heretofore. Children and others leaving a family group can convert to individual policies with minimum benefits similar to those under group conversions.

N. D. A&H Assn. Names N. H. Lang President

The new president of North Dakota A&H Assn. is Norbert H. Lang, American Life & Casualty, Fargo. Other officers elected at the annual meeting in Bismarck are Jake Stein, New York Life, Jamestown, vice-president; Dale Augustin, Mutual Benefit H.&A., Grand Forks, vice-president; Jerry Tolleson, Mutual Benefit H.&A., Minot, vice-president, and O. D. Olson, North American Life & Casualty, Fargo, secretary-treasurer.

Broadens Disease Policy

American Casualty is broadening its specified disease policy to include coverage for tuberculosis. Applicable to policies presently in force and to new business, the new insurance is provided at no additional cost. Diseases now covered under the policy include diphtheria, scarlet fever, leukemia, polio, smallpox, tetanus, primary encephalitis and primary meningitis.

The policy pays up to $10,000 for each of the nine diseases including tuberculosis. It may also be written to cover "pathologically diagnosed cancer" which originates after the insurance has been in force 90 days.

Insurance Complaints Are 11th On 1957 BBB List

Insurance ranked fifth among types of business in the total volume of public inquiries and complaints handled by Better Business Bureaus in 1957 but dropped to 11th with respect to complaints alone.

Queries on insurance totaled 120,582, and complaints stood at 9,520. The latter were divided into 2,723 for life, 2,621 for fire, casualty and surety, and 4,176 for A&S and medical coverage. The total inquiries received were 38,354 for life, 30,762 for fire and casualty and 51,466 for A&S.

GAB Names Two General Adjusters In Okla., Tex.

General Adjustment has promoted Joel A. Walker to general adjuster at Oklahoma City and Tom S. Jones to a like post at Lubbock, Tex.

Mr. Walker, who has handled large losses for many years, has filled all the offices of Oklahoma pond of Blue Goose and was MLG 1952-53. Mr. Jones, former catastrophe supervisor, has been with GAB for 21 years, for the past 10 in the departmental office.

Main & Baker Names Adjuster

Main & Baker company adjusters has named W. A. Helland as resident adjuster at its new office in Spicer, Minn., to service fire and allied lines and casualty losses there, as well as at Willmar and nearby counties. Mr. Helland has been six years in New Mexico, where he operated the northern New Mexico division of Lyle Adjustment and later was a partner in his own independent adjusting organization.

Field

Aetna Appoints Five Midwest Special Agents

Aetna has appointed five special agents in the midwest field. Named special agent at Cincinnati is Leonard C. Freeman, who will work with State Agent Robert Johnson. Mr. Freeman started his insurance career with Ohio Inspection Bureau.

John M. Tjossem, recently in Aetna's underwriting department in Park Ridge, Ill., has been appointed special agent at Lakewood, O., where he will work with C. R. Tobin, resident manager.

W. Murray Preston and Norman F. Tempel, who was recently special agent at Toledo, have been named special agents at St. Louis for eastern Missouri. They have both been in Aetna's western underwriting department and Mr. Tempel was farm special agent in Toledo before going to Park Ridge. They replace Special Agent Donald Kloppman, who has transferred to Milwaukee, and former Special Agent Michael Behrens, who has resigned to enter another business.

James H. Middaugh and John P. Kimmerle have been named special agents at Columbus, O., to work with W. H. Witherspoon, state agent. Mr. Middaugh, who has been with Ohio Inspection Bureau, replaced W. E. MacDonald, who resigned to enter the local agency business. Mr. Kimmerle, who has been in the western underwriting department, replaces Glen L. Sponsler Jr., who has transferred to Toledo.

Alamo Field Club Hears Fire Prevention Talks

SAN ANTONIO—Alamo Field Club heard Sidney Briggs, Fire Prevention & Engineering Bureau, speak on the services the bureau has available for architects and contractors which enable them to reduce fire and other hazards through information regarding materials and characteristics of construction plans.

Mr. Briggs urged field men to make these services known to agents and public so that all concerned with safe construction may avail themselves of the bureau's services.

Martin Esser, San Antonio fire prevention educational director, spoke on local conditions and work done by Alamo Field Club members in cooperation with the San Antonio fire department.

Hartford Fire Names Lee In Fla., Woods In Ga.

Hartford Fire has appointed Robert E. Lee Jr. special agent for the newly established territory north and northeast of Orlando. He was formerly in the field at Albany, Ga.

James A. Woods has been assigned to Albany. He joined the company in 1952 and was at the southern department at Atlanta.

Reliance Opens Buffalo Office Under Stiehler

Reliance has opened a Buffalo field office under State Agent Henry G. Stiehler. The new office is at 422 Niagara Falls boulevard.

Arizona Pond To Meet

Arizona pond of Blue Goose closes its season May 17 in Phoenix with the annual meeting, initiation and elec-

tion of officers. The evening session will feature an informal dinner dance honoring initiates and new officers of both the pond and women's auxiliary. Mark Wells, Los Angeles, flock supervisor, will represent grand nest officers at both sessions.

Grain Dealers Mutual Opens In Jackson, Miss.

Grain Dealers Mutual has opened an office in Jackson, Miss., with J. A. Tanselle as manager. He has been special agent in Mississippi for 10 years.

Special agents assigned to the Mississippi, Alabama and Louisiana area are Robert T. Casanova, Robert R. Mundell, W. N. Oliver Jr., and J. Rodney Thomas. Richard L. Knochel has been transferred from the home office to supervise underwriting.

Md.-Del. Field Club Hears Talk On Nuclear Coverage

At the April meeting of Maryland-Delaware Field Club at Baltimore, W. J. Satterfield Jr. of the U. S. Atomic Energy Commission spoke on insurance in the nuclear energy field and gave the reasons for nuclear energy exclusions.

National Fire Names Czechowicz At Milwaukee

Eugene L. Czechowicz has been appointed special agent for National Fire at Milwaukee. He was with Fire Insurance Rating Bureau there from 1947 to 1952, and traveled the state for another stock company before joining National Fire.

Zurich Names Field Man At Grand Rapids, Mich.

Zurich has appointed George A. Hoogerhyde as field representative out of the Grand Rapids, Mich., office. Mr. Hoogerhyde is well known in western Michigan, where he has been in field underwriting and production for the greater part of the past seven years with Fireman's Fund and Hartford Accident.

Maine Field Club Elects Fletcher President

Donald Fletcher of U.S.F.&G. has been elected president of Pine Tree State Field Club at its annual meeting held recently in Portland, Me. Also elected were Nelson P. Gamage, Great American, vice-president; Kenneth J. Huelin, American Home, secretary; and Harriman W. McKowen, New Hampshire Fire, treasurer.

Va. Field Club and Blue Goose Set Annual Meeting

Insurance Field Club of Virginia will hold its annual meeting at Fort Monroe May 14. Commissioner T. Nelson Parker will speak. In the afternoon Virginia Blue Goose will hold its annual meeting. Most Loyal Grand Gander R. L. Fenerty, Calgary, Canada, will be the guest.

Mercer State Agent In N. M.

New Hampshire has appointed Frank H. Mercer state agent in New Mexico. He succeeds David F. Polson, who resigned to enter the agency business. Mr. Mercer will be located at Albuquerque.

Sargeant Named In Fla.

Phoenix of London has appointed John F. Sargeant special agent for central Florida. He will be under supervision of A. C. Weaver Jr., manager of the group's Florida service office in St. Petersburg.

Middlesex Mutual Fire Names Eichar SA In Ohio

Carl J. Eichar of Dayton has been appointed special agent in Ohio for Middlesex Mutual Fire. He was district manager of Motorist Mutual in Ohio for nine years, and operated an agency with his father in Willshire, O., before going into field work.

Indiana Ins. Co. Names Motherall Special Agent

Henry G. Motherall has been appointed special agent in Indiana for Indiana Ins. Co. and Consolidated Ins. Co. He has been traveling central and southern Indiana for Fireman's Fund. He will service Marion county agencies together with Richard L. Miller and William D. Glasson.

Cherokee Names Draffen Mississippi Special Agent

Joseph D. Draffen has been appointed special agent in Mississippi by Cherokee of Nashville. He had been with Mississippi Rating Bureau for several years before going with Cherokee.

National Of Hartford Names Puterbaugh S.A.

Philip M. Puterbaugh has been appointed special agent at Springfield, Ill., for National of Hartford. He joined National in 1956 and served in various underwriting departments.

N. J. Field Club Hears Feuerstein On Law Trend

Harold D. Feuerstein, counsel to the New Jersey Assn. of Insurance Agents, addressed New Jersey Fieldmen's Assn. on "Recent Trends in Insurance Law."

Fireman's Fund Appoints T. N. Vahle In Michigan

Thomas N. Vahle has been named special agent for automobile, casualty, bond and burglary lines in southern Michigan for Fireman's Fund. He has been transferred from Indianapolis.

Lindsey In Ind. Field For Phoenix Of Hartford

Phoenix of Hartford has named Eldridge G. Lindsey special agent at Indianapolis. He was formerly in the field at Detroit.

Erbach In Wis. Field

Royal Exchange has named Thomas F. Erbach Wisconsin state agent with headquarters at Milwaukee. He will be under the supervision of Freeman C. Read, midwest branch manager at Chicago.

Willey Named Special Agent

A. W. Willey, formerly traveling the west part of Kansas for Crum & Forster, has joined the field force of Blakely Co., Topeka, as a special agent.

Hyde In Me. For Aetna Fire

William D. Hyde has been named special agent in Maine for Aetna Fire. He succeeds Vernon Lord, who resigned to join Peerless in New Hampshire.

Lord Joins Peerless

Peerless has appointed George H. Lord home office representative in Connecticut, with headquarters in Hartford. He has been with American Home as special agent in Connecticut since 1955.

Editorial Comment

Values In Frequent Client Contacts

One observation made of the local agent in recent years is that he does not come in contact with personal insured often enough. That is, his relationship with this type of client is in general so infrequent—once a year, or two or three years—that it leaves such insured pretty wide open to the blandishments of a competitor.

There is, however, another aspect to this infrequency of interchange with the personal insurance customer. The contact is not frequent enough to provide much in the way of insurance education when actually there is a great deal of such educating that needs to be done. This may explain the high degree of underinsurance, the low percentage of comprehensive personal liability, and medical payments, even the failure of the majority of local agents to sell A&S and of most of them to sell life insurance.

It also suggests that the business still is, perhaps, not utilizing what could be one of the most effective educational facilities it has—and one that is already in existence. If the companies had been employing to a much larger extent this facility, and if the local agents had been in the habit of using more fully the opportunity that is theirs, perhaps a much better job of public relations could have been accomplished in connection with rate increases in the last three years than was done.

These observations are prompted by the development of the practice of placing a personal insured's entire personal insurance program on the monthly premium payment plan—and by the way in which monthly billing is used by utilities as a device to get to the public information that is highly important for it to get to the public.

The monthly contact of the monthly premium payment plan looks like an excellent vehicle for (1) a consistent, sensible selling of proved insurance needs by leaflets plus follow-up (here the agent can develop many sound, essential reasons for personal contact); (2) to promote adequate amounts as well as proper kinds of coverage—mortgage banks probably have done as much promotion of insurance to value on dwellings as has the insurance business, and (3) to explain why insurance costs are going up.

The telephone company (and other utilities) use the monthly billing to tell the public, among other things, about the extra, labor saving phone in the kitchen, colored telephones, teen phones and the like, and, importantly, why the telephone rate is going to have to go up.

The telephone company in one area started some weeks ahead of a rate change to tell why the company had to have it—increased salaries, increased repair costs, etc. The leaflet enclosed in the monthly bill stated the company needed a 20% increase. There were several messages along this line before the public service commission met, held a hearing and denied the full increase. The leaflets told the housewives about that, repeated again why the full increase asked was essential, and explained why the phone company could not settle for what the regulatory body was willing to give it. (It eventually got the full 20%.)

The telephone "messages" are repeated to make a real impression, the messages are brief and non-technical but factual. The leaflets carry one illustration or two, and they contain one or several items of enough interest to the housewife to cause her to read the leaflet through. For example, a leaflet may contain one or more household hints, a puzzle, several recipes, a story about a historical site (with illustration) that is located in the area where the monthly bill-paying client lives. Occasionally the leaflet also tells how many new telephones have gone into use in this particular area. On another occasion the message included a news account of what the phone company did after a violent storm to put phones back into service promptly. This story appeared very shortly after the winds died down, before many subscribers in the area had lost their own fresh impression of the storm.

It is notable that the message that the phone company particularly wants to carry home to the customer is kept simple and to the point—but is, very often, repeated. The utility gives the essentials but no more.

Here is one point that might well be kept in mind by the insurance business. The message must be kept simple and readily understood—not because the phone subscribers are stupid and would be unable to understand a more technical and fuller explanation.

No. But because the reader, the busy householder, doesn't have time to study a complicated explanation. Anyway, she (or he) doesn't want to become an expert in the operation of a utility—or in insurance rate making or in the operation of an insurer.

The reader is a customer who has too many other things to do. The customer is an expert in his or her own business.

It seems probable that some local agents—and some companies—have hesitated to have frequent dealings with clients that involve the payment of money by the client. Yet the utilities have found that this in itself does not produce an unfavorable reaction. And they have achieved an extremely valuable by-product by using their relationship with their customer to give him a good understanding of those factors in the product that will give the customer a greater appreciation of it, and prepare him for changes in the cost of it.—K. O. F.

Lotito Heads N. Y. Insurer

Robert J. Lotito has been elected president of New York Printers & Bookbinders Mutual. He succeeds C. F. von Dreusche who continues as a director, member of the executive committee and consultant.

Personals

Dr. Thomas F. Molone, Travelers director of research, has been named by the Public Health Service as a member of a special committee to help plan the first national conference on air pollution, to be held at Washington Nov. 18-20. Dr. Molone will represent the American Meteorological Society.

L. A. Voight, vice-president of American Liberty of Birmingham, will resign June 1 to become executive director of St. Martin's in the Pines Episcopal Home for the Aging there.

John Davidson, administrative assistant at National Board, has been elected president of the Montclair (N. J.) Society of Engineers.

Lewis A. Vincent, general manager of National Board, presented an engraved silver baton to the West Point Glee Club Cadet leader, John H. McKillop, on its 30th anniversary, at a concert in Montclair, N. J. Mr. Vincent was the first cadet leader when he attended the military academy.

Deaths

A. M. Best Dies At 81

Alfred M. Best, 81, founder, chairman and president of Alfred M. Best Co., New York, publishers of fire, casualty and safety magazines, directories and brochures, died at Midtown Hospital, New York. He founded the company in 1899 and became nationally known as a consultant and analyst for insurance companies. He was also chairman of the 75 year old Flitcraft Co., publishers of life periodicals and directories, and chairman and president of Best Building Co., owners of the headquarters building for both publishing companies.

Alfred M. Best started in the insurance business in 1891 with Queen. In 1897 he conceived the idea of establishing a service to supply unbiased reports on the financial status of fire and casualty insurers. He was 21 years old when he started in business with two older men as partners. At the end of the first year, one of these men pulled out. The other failed to pay his share of the capital because he thought the business was not doing well enough, and he and Mr. Best separated. Thus, in December, 1899, A. M. Best started the A. M. Best Co. with $500 working capital, a 10 by 12 room on sub-lease, and a stenographer on part-time loan from the man from whom the office was rented.

In the first year, he produced a volume of reports on fire, marine, casualty and surety companies running to 300 pages and selling for $5. The initial income came from a deal to furnish several thousand sets of printed sheets of the book to a newly formed reporting agency competing with Dun & Bradstreet. Home also gave Mr. Best an order for 2,000 copies which were sent to 1,500 agents and 500 business concerns.

The Best reports of life companies were inaugurated in 1906 just before the life business was coming in for some investigation by the New York legislative committee headed by Assemblyman Armstrong.

Also in 1906 began the ratings of

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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SALES OFFICES

ATLANTA 3, GA—432 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

BOSTON 10, MASS.—80 Federal St., Rm. 342, Tel. Liberty 2-9229. Roy H. Lang, Southern New England Manager and John F. MacNamara, Northern New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. A. J. Wheeler, Chicago Manager. R. J. Wieghaus and William D. O'Connell, Resident Managers.

CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—309 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-3966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo E. Wohlgemuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

CHANGE OF ADDRESS

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companies. This was brought about partly by the industrial revolution which produced tremendous values at single locations—more than the normal insurance market could absorb. The country was flooded with irresponsible insurers, many of the surplus line variety organized in states that had little or no supervision over them, and the New York department indicated to Mr. Best that it would be useful to have these insurers rated as to their responsibility. Mr. Best provided this information and the department required that no broker could sell policies in companies having lower than a "B" rating. This meant that using the Best listing was almost mandatory, but Mr. sold his booklets for 10 cents instead of attempting to charge what the traffic would bear. As time went on, the ratings took in all fire and casualty companies.

The San Francisco earthquake and fire of 1906 gave a big boost to Mr. Best's fire and casualty publication. He reported in unequivocal terms on the companies that were or were not paying losses. His office was running 24 hours a day keeping up with the fire reports and getting out the new life book. Mr. Best later said the work he did on the San Franciso loss situation gave him his first big push.

For a number of years, the Best company issued financial ratings on the life companies, but that was discontinued in the 1930s when a number of the companies were in bad trouble and it was felt that such reports would undermine public confidence in the life business.

The Best magazines were published for about 20 years until 1927 without any insurance advertising on the theory that to use it would indicate that companies were influencing the editorial opinion.

In his private capacity, Mr. Best was frequently interested in company sales and mergers, most often as an expert in determining values. One of his most noteworthy achievements in that field was in putting the value on the stock of the pup companies of Home of New York. Home wanted to merge its insurers, but, not owning all the stock of most of them, did not want disgruntled minority stockholders bringing suits to disrupt the proceedings. Mr. Best was called in to put a value on the stock of the companies involved, and did it so successfully that not one suit resulted.

HUGH A. MULLINS, 75, retired vice-president of Frank B. Hall & Co., New York brokers and adjusters, died at his home in Ridgewood, N. J. He was formerly chairman of Average Adjusters Assn.

RUSSELL F. SMITH, 45, special agent for Grangers Mutual for 11 years servicing West Virginia and western Pennsylvania, died suddenly at his home in New Florence, Pa. He was a charter member of West Virginia 1752 Club.

W. WALLACE BROWN, 67, president of Leonard & Addis & Co., Philadelphia insurance brokers, died. He had been chairman of the insurance committee of Philadelphia Housing Authority since 1943.

KARL E. GREENE, retired president of Berkshire Mutual Fire, died in Pittsfield. He would have been 70 in August. For 25 years he was with Glen Cove (N. Y.) Mutual, where he advanced from clerk to vice-president. He then became vice-president of Federal Mutual Fire of Boston. In 1938 he was elected president of Berkshire Mutual. He was president of American Mutual Insurance during the 200th anniversary celebration of the beginning of mutual insurance in the U. S.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, May 6, 1958

	Bid	Asked
Aetna Casualty	136	140
Aetna Fire	60	61½
Aetna Life	172	175
Agricultural	27	28
American Equitable	33	34
American (N. J.)	25	26
American Motorists	10¾	11¾
American Surety	15¾	16¾
Boston	31½	32½
Camden Fire	29¾	30¾
Continental Casualty	80	81
Crum & Forster com.	55¾	57
Federal	42	43
Fireman's Fund	51	52½
General Reinsurance	53	54½
Glens Falls	29½	30½
Globe & Republic	16	17
Great American Fire	34¾	35¾
Hartford Fire	151½	153½
Hanover Fire	27½	28½
Home (N. Y.)	42½	43½
Ins. Co. of No. America	102½	104½
Maryland Casualty	33	34
Mass. Bonding	33¾	34¾
National Fire	81	83
National Union	34¾	35¾
New Amsterdam Cas.	43¾	44¾
New Hampshire	39½	41
North River	34	35
Ohio Casualty	21¼	22½
Phoenix Conn.	68½	70
Prov. Wash.	18½	19½
Reinsurance Corp. of N. Y.	14	15
Reliance	39	40
St. Paul F. & M.	45	46½
Springfield F. & M.	47¾	48¾
Standard Accident	43	44½
Travelers	75½	76½
U.S.F. & G.	57	58½
U. S. Fire	25½	26½

LESTER E. RAATZ, 51, local agent at Sheboygan, Wis., died after an illness of a month. He had been in insurance since 1944 and opened his own agency in 1951.

WALDO J. MURPHY, 60, former owner of the Aikins-Murphy agency of Sault Ste. Marie, Mich., which later was merged to form the present Old, Murphy & Old agency, died.

DEAN H. DRESSER, 87, former assistant manager of the western department of National Fire, who retired in April of 1938, died in the hospital at Hot Springs, Ark.

THOMAS B. M. KLINE, 85, retired field man in Kentucky of Niagara Fire died at his home in Louisville.

WILLIAM MAACK, 81, president of Madison County Mutual Auto of Edwardsville, Ill., died of a heart attack. Mr. Maack, a retired farmer, became president of Madison County Auto in 1945 and president in 1952.

CARRINGTON M. STANFORD, 58, formerly assistant manager for North America at London, died in the Veterans' Administration hospital, Togus, Me.

Named To Kemper Junior Board

Willard M. Humpal has been elected to the junior board of the Kemper companies. He has been with the group since 1949. The Kemper junior board, formed in 1946 to familiarize young executives with problems of top management, meets monthly to discuss company problems and make recommendations to management.

Pa. Lumbermens Has Premium Budget Plan

Pennsylvania Lumbermens Mutual has adopted a premium budget plan for one, three and five-year policies. Payments can be made monthly, quarterly, semi-annually or annually. Premiums of any amount are included in the plan.

After writing a policy, the agent receives the premium currently and in full from First Pennsylvania Banking & Trust Co., Philadelphia, through which the plan operates. The policyholder makes his installment payments to the bank.

The agent receives his commissions on a current basis and reduces collection expenses. For insured, the plan eases the payment problem by trimming his outlay to small, equal amounts at reasonable interest rates.

NFPA Cites Move To Bring Back Wood Shingle Roofs

The nation's cities may face a critical danger of conflagration if the lumber industry succeeds in a current move to bring back wood shingle roofs, National Fire Protection Assn. has warned.

The NFPA April *Quarterly* cites current activities of lumbermen's groups in Michigan, Colorado and Oregon to knock out insurance rate differentials on private dwellings which favor fire retardant roof coverings as against wood shingle roofs.

An NFPA study of 133 major American conflagrations, the article says, indicates that in almost half the cases fire spread beyond control because of sparks on wood shingle roofs and burning brands from wood shingles carried by wind. Spectacular instances are the fire that virtually wiped out Paris, Texas, during a dry windy period, destroying 1,440 buildings, and similar conflagrations on the next day which took 648 buildings in Nashville and 682 buildings in Augusta, Ga.

The article expresses concern at the reappearance of many wood shingle roofs, particularly in southern California and Texas where long dry spells and high winds can recreate conflagration hazards.

Northern Kentucky Agents Elect Lewis, Hear Trimble

Northern Kentucky Insurance Agents Assn. has elected G. E. Lewis, Covington, president. Mrs. Alice Wilson, Covington is the new vice-president, H. W. Jenisch, Covington, secretary, and H. O. Weber, Ft. Thomas, and E. H. Roeding, Covington, new executive committee members.

H. L. Trimble, assistant Kentucky commissioner, was the featured speaker.

Marine Meeting To Hear Atomic Expert

Richard P. Godwin, chief of the maritime reactors branch of U. S. Atomic Energy Commission, will speak at the annual meeting of International Union of Marine Insurance, which will be held at Salzburg, Austria, Aug. 31-Sept. 5.

Mr. Godwin is in charge of the joint Atomic Energy Commission—Maritime Administration program which has developed nuclear power for merchant vessels.

The U. S. marine insurer delegation will be Madoe M. Pease, North British, president of American Institute of Marine Underwriters; Miles F. York of Atlantic Mutual and Emil A. Kratovil of Carpinter & Baker, New York, vice-presidents of the institute, and Carl E. McDowell, executive vice-president.

The union has been invited to hold its 1959 meeting in England, and the American Institute of Marine Underwriters has suggested that the 1960 meeting be in Washington, D. C.

Westchester Agents Elect Metz, Hear Julius Wikler

Superintendent Julius S. Wikler addressed the annual meeting of Westchester County Assn. of Insurance Agents in Yonkers. Kenneth L. Metz Jr. of Scarsdale was installed as president of the association; William Spain of Lake Mahopac, vice-president; George S. Gorman, secretary; and Eugene E. Hallahan of Mount Vernon, treasurer.

New directors are Allan B. Stevens of White Plains, Philip Shatz of Mahopac, Seymour Kassirer of Yonkers, DeForrest Hibbard of Katonah, Thomas Powers of Mount Vernon and Robert J. Thornton Jr. of White Plains, retiring president.

Arthur L. Schwab of Staten Island, state national director of the New York state association, installed the new officers.

Peerless Promotes Coates To Claims Assistant

Peerless has promoted Robert C. Coates to assistant claims manager at the home office, succeeding T. P. Harrison, who has resigned.

Mr. Coates joined Peerless at Augusta, Me., in 1951. He went to Portland in 1952 as district claims manager and to the home office as claims examiner in 1953.

M. M. Cohen of J. M. Dain & Co. of Minneapolis, and F. O. Briese, vice-president of Minnesota Mutual Life, have been elected directors of **American Premier** of Rochester, Minn.

1957 Fire And Casualty And A&S Direct Premiums And Direct Losses In Ohio

Auto BI

	Direct Premiums $	Direct Losses $
Nationwide Mut.	**13,239,845**	**7,340,011**
State Auto	**6,638,424**	**3,261,387**
Buckeye Union Casualty	**6,617,322**	**3,048,888**
Allstate	**5,470,685**	**2,185,868**
Ohio Casualty	**4,013,050**	**2,100,655**
Travelers Indem.	**3,956,257**	**2,016,881**
Motorists Mut.	**3,392,330**	**1,502,209**
Ohio Farmers Indem.	**3,133,897**	**1,409,256**
Aetna Casualty	**3,046,939**	**1,532,885**
Grange Mut. Casualty	**2,969,555**	**1,914,182**
Aetna Fire	323,584	62,800
Agricultural	120,540	12,525
Amer. Auto.	2,083,425	1,387,636
Amer. Casualty	991,471	788,744
Amer. Employers	289,036	136,582
Amer. Farmers Mut.	337,577	163,203
Amer. F.&C.	1,790,636	1,185,361
Amer. Guarantee	115,053	69,942
Amer. Hardware Indem.	....	27,228
Amer. Hardware Mut.	197,011	42,851
Amer. Indemnity	150,926	102,134
American	575,785	508,902
Amer. Motorists	470,385	228,896
Amer. Mut. Liab.	101,122	49,397
Amer. National Fire	48,341	15,988
Amer. Re-Insurance	75,790	13,000
Amer. States	2,299,127	1,429,719
Amer. Surety	448,004	238,210
Atlantic	60	49,448
Auto. Club	215,224	75,671
Auto-Owners	955,495	572,564
Beacon Mut. Indem.	1,388,711	461,587
Boston	100,910	32,750
Carolina Cas.	29,084	18,314
Celina Mut.	1,511,526	638,535
Central Mut.	112,758	18,797
Century Indem.	4,510	97,307
Citizens Casualty	169,104	57,515
Columbia Casualty	180,667	83,413
Commercial	450,099	346,917
Continental Casualty	2,157,232	1,185,689
Empire State	49,876	20,845
Employers Liability	451,051	194,888
Employers Mut. Liab.	49,757	37,130
Factory Mut. Liab.	268,810	82,720
Federal	133,320	67,754
Fidelity & Casualty	778,321	515,885
Fidelity Mut.	62,427	47,042
Fire Assn.	92,892	4,769
Fireman's Fund Indem.	333,207	140,252
Franklin F.&C.	63,837	7,714
General Accident Fire	1,464,191	508,529
General	239,898	120,961
Glens Falls	351,120	234,633
Globe Indem.	497,454	308,947
Government Employees	303,791	188,459
Great American Indem.	358,445	276,967
Great American	92,619	30,481
Gulf, Dallas	250,240	34,887
Hanover	40,214	426
Hardware Mut. Casualty	351,597	172,016
Harford Mut.	37,319	402
Harleysville Mut. Cas.	38,473	1,753
Hartford Accident	2,170,105	898,924
Home Indemnity	938,929	674,540
Hoosier Casualty	405,602	171,102
Ideal Mut.	77,481	29,449
Illinois National	227,231	118,416
Indemnity of No. Amer.	1,188,677	747,105
Ind. Lumbermens Mut.	30,815	10,301
Inland Mut.	182,560	82,086
Liberty Mut.	975,836	435,776
London Guarantee	80,503	50,225
Lumbermens Mut. Cas.	580,845	281,207
Lumbermens Mut.	403,984	97,909
Manhattan F.&M.	27,524	76
Manufacturers Casualty	82,870	181,477
Marine	167,972	115,751
Maryland Casualty	666,260	356,881
Mass. Bonding	273,840	74,824
Merchants Indem.	493,839	276,774
Metropolitan Casualty	481,615	329,248
Mich. Mut. Liability	481,643	311,908
Mich. Surety	103,749	48,278
Midwestern Indemnity	279,851	90,529
National Casualty	371,468	69,680
National Fire	80,089	90,728
National Indem.	59,825	14,934
National Mut.	102,802	14,299
National Surety	108,402	44,282
National Union Fire	188,525	3,292
National Union Indem.	156,932	121,170
Nationwide Mut. Fire	502,444	110,197
New Amsterdam Casualty	681,496	477,568
Newark	26,219	5,371
Northern, N. Y.	31,241	7,793
Northwestern Natl. Cas.	389,936	262,313
Northwestern Mut.	51,132	27,535
Ocean Accident	316,351	150,802
Ohio Security	71,226	15,318
Ohio Valley	167,437	50,582
Old Colony	122,084	31,250
Pacific Employers	173,252	63,293
Pacific Indem.	33,839	2,405
Peerless	223,907	62,680
Phoenix, N.Y.	113,734	40,004
Phoenix	44,195	2,934
Pioneer Mut. Casualty	560,692	315,262
Potomac	7,254	57,280
Preferred	120,772	70,004
Progressive Mut.	570,607	193,758
Public National	100,075	57,125
Republic Indem.	576,882	200,091
Reserve	63,336	17,456
Royal Indem.	720,547	457,025
Safeco	188,858	63,828
Safeguard	65,996	15,543
St. Paul F.&M.	665,484	320,060
St. Paul Mercury	146,265	21,154
Secured	161,765	90,713
Security	105,902	133,970
Selective	265,206	242,093
Shelby Mut.	2,080,814	1,046,765
Standard Accident	605,382	222,217
State Farm Mut. Auto.	1,774,770	551,149
Sun	32,986	10,160
Transcontinental	....	96,024
Transit Casualty	95,545	16,426
Travelers	1,502,795	637,871
Trinity Universal	414,011	211,172
U. S. Casualty	102,680	51,894
U.S.F.&G.	1,837,490	885,212
U. S. Fire	121,596	23,949
Universal Underwriters	78,983	20,635
Wabash Fire	50,377	4,165
Westchester Fire	37,516	6,356
Western Casualty	285,874	252,922
Western Reserve Mut.	333,837	234,847
Wolverine	834,023	381,082
Yorkshire	47,494	35,519
Zurich	529,731	253,717

Auto Phys. Damage

	Direct Premiums $	Direct Losses $
Nationwide Mutual	**13,487,735**	**7,231,902**
State Auto	**5,767,267**	**2,920,078**
Buckeye Union Cas.	**4,619,739**	**2,454,403**
Allstate	**3,759,093**	**2,055,981**
Travelers Indem.	**3,570,362**	**1,929,982**
General Exchange	**3,513,662**	**3,286,623**
Grange Mut. Casualty	**3,409,194**	**2,343,925**
Motorists Mutual	**3,403,269**	**1,579,048**
Ohio Casualty	**3,085,261**	**1,464,993**
Ohio Farmer	**2,455,214**	**1,323,556**
Aetna Cas.	1,960,171	1,080,701
Aetna Fire	378,346	209,988
Agricultural	177,740	108,676
Allied Amer. Fire	52,364	26,898
Amer. Auto.	1,480,965	828,912
Amer. Bankers	612,453	338,344
Amer. Casualty	385,553	261,535
Amer. Employers	55,777	40,017
Amer. Farmers Mut.	322,466	169,363
Amer. Fidelity Fire	334,060	181,364
Amer. Guar. & Liab.	51,187	41,100
Amer. Hardware Mut.	187,279	93,053
Amer. Indemnity	96,417	47,640
American	590,568	358,998
Amer. Motorists	339,805	170,413
Amer. Natl. Fire	76,714	38,629
Auto. Club	198,383	97,763
Auto. Mutual	72,769	25,078
Auto-Owners	1,186,250	633,741
Balboa	41,693	55,087
Beacon Mut. Indem.	1,154,177	634,054
Bankers & Shippers	143,535	94,721
Boston	190,563	121,061
Buckeye Union Fire	273,735	179,275
Calvert Fire	586,360	382,162
Camden Fire	125,997	80,124
Celina Mut.	1,590,332	924,908
Central Mut.	262,526	121,955
Citizens Cas.	29,108	15,932
Citizens, N.J.	85,650	65,650
Cleveland Exchange	135,131	88,677
Commercial	323,470	227,060
Comml. Union	79,267	39,844
Comml. Union Fire	48,313	26,346
Connecticut Fire	52,390	30,201
Continental Cas.	510,010	301,987
Continental	111,397	65,160
Emmco	1,026,078	724,623
Empire State	135,511	82,009
Employers Fire	171,110	98,277
Employers Liability	141,747	61,186
Employers Mut. Fire	33,520	17,945
Equitable F.&M.	70,076	39,354
Excelsior	18,489	25,342
Factory Mut. Liability	151,496	55,875
Federal	250,756	97,817
Fidelity & Casualty	472,509	255,344
Fidelity Mut.	56,439	34,041
Fidelity-Phenix	63,954	41,065
Fire Assn.	162,505	81,713
Fireman's Fund Indem.	155,823	81,717
Firemen's Fund	39,816	30,113
Foremost	429,089	94,988
Franklin Fire	68,268	15,820
General Accident Fire	943,223	473,299
General	315,274	166,105
Glens Falls	377,116	245,689
Globe Indem.	246,293	148,888
Globe Mut. Casualty	418,744	220,034
Government Employees	297,212	149,689
Great American Indem.	233,033	156,436
Great American	110,410	57,167
Great Lakes	65,045	54,510
Gulf, Dallas	186,747	92,747
Hanover	97,454	57,804
Hardware Dealers Mut.	26,023	7,060
Hardware Mut. Casualty	211,079	97,893
Harford Mut.	29,067	14,669
Harleysville Mut.	30,382	6,763
Hartford Fire	749,115	383,402
Home	918,901	607,329
Homeland	43,572	12,297
Hoosier Casualty	309,725	142,090
Illinois National	191,282	118,570
Indemnity of No. Amer.	49,271	20,315
Ind. Lumbermans Mut.	35,179	15,679
Inland Mut.	76,362	83,257
North America	668,389	360,011
State of Pa.	38,226	26,445
Jersey	53,538	32,544
Kansas City F.&M.	75,539	78,276
Lake Shore Exchange	242,777	368,550
Liberty Mut.	414,951	199,361
Lumbermens Mut. Cas.	364,516	151,585
Lumbermens Mut.	446,227	194,297
Manhattan F.&M.	65,764	36,253
Manufacturers Cas.	48,243	41,981
Marine	118,355	72,589
Maryland Casualty	307,198	185,903
Mass. Bonding	139,912	70,494
Mass. F.&M.	47,699	19,057
Mayflower	506,278	431,462
Merchants Indem.	335,252	187,358
Merchants & Mfrs. Mut.	75,949	85,612
Metropolitan Casualty	368,256	310,030
Michigan Mut. Liab.	268,915	143,854
Mich. Surety	31,453	33,257
Midway Exchange	....	230,489
Midwestern Indem.	302,877	176,976
Millers National	34,089	18,554
Monarch	132,957	63,757
National Casualty	380,366	198,825
National Fire	392,752	328,228
National Indem.	33,102	36,306
National Mut.	82,430	40,146
National Surety	50,308	28,557
National Union Fire	190,887	77,639
National Union Indem.	91,965	93,983
Nationwide Mut. Fire	637,238	281,217
New Amsterdam Casualty	214,706	102,188
Newark	51,547	32,016
New Hamp. Fire	40,518	20,305
N. Y. Underwriters	235,666	141,807
Northern, N.Y.	197,528	141,450
Northland	219,148	181,562

Direct premiums written and direct losses paid for casualty and A&S business in Ohio are shown in the accompanying tables. Each of the 17 lines reported on shows the business only of companies writing direct premiums in excess of $25,000. For the lines of general interest, the 10 leading companies in premiums are shown at the head of the list in bold face type in order of premium volume; the rest of the companies are listed in alphabetical order. Figures are taken from page 14 of the annual statements of companies as reported to the Ohio department. Direct premiums and direct losses reflect results exclusive of reinsurance transacted, and thus are not generally acceptable as reflecting a company's loss ratio. Direct premiums are the gross new business of a company before reinsurance accepted. Lines included in the compilation are accident only (individual), A&S (individual), hospital and medical (individual), group A&S, non-can A&S, workmen's compensation, liability (not auto), and auto BI liability, auto PDL, auto physical damage, aircraft physical damage, liability (not auto) PD, fidelity, surety, glass, burglary and theft, and boiler and machinery.

	Direct Premiums $	Direct Losses $
North River	38,180	31,153
Northwestern Mut.	46,278	21,362
Northwestern National	316,865	181,683
Ohio Security	72,162	37,239
Ohio Valley	332,958	268,381
Old Colony	131,998	64,615
Pacific, N.Y.	77,140	44,702
Pacific National Fire	31,140	9,032
Pearl	207,966	127,419
Peerless	152,861	85,825
Pennsylvania Fire	43,842	23,893
Permanent	685,798	576,008
Philadelphia F.&M.	66,153	38,963
Phoenix, N.Y.	112,011	62,719
Phoenix	191,442	137,666
Pioneer Mut. Casualty	203,921	110,997
Planet	38,407	71,866
Preferred	117,112	60,765
Preferred Mut.	25,189	20,769
Progressive Casualty	1,882,366	422,018
Progressive Mut.	727,758	1,247,104
Reliance	114,677	57,003
Republic Indem.	496,571	314,510
Reserve	518,293	151,474
Resolute	299,950	311,068
Rochester Amer.	48,696	26,827
Royal Indem.	466,869	276,973
Safeco	139,786	71,311
Safeguard	45,279	19,608
St. Paul F.&M	484,132	265,978
St. Paul Mercury	124,678	71,668
Secured	141,536	85,118
Security	73,857	177,645
Selective	200,417	179,630
Service Casualty	81,310	37,425
Service Fire	1,304,672	741,857
Shelby Mut.	1,619,086	895,541
Springfield F.&M.	52,559	22,469
Standard Accident	384,195	156,715
Standard Marine	44,952	28,014
State Farm Mut. Auto.	1,612,234	963,568
Stuyvesant	318,623	444,908
Sun	92,740	42,583
Transcontinental	39,190	45,880
Trinity Universal	300,576	143,567
U. S. Casualty	31,112	16,116
U.S.F.&G.	1,191,964	732,764
U. S. Fire	108,334	79,515
Universal Underwriters, Mo.	281,607	67,935
Universal Underwriters	58,012	51,692
Vehicle Exchange	74,619	169,811
Virginia Surety	36,177	7,350
Westchester Fire	77,945	55,362
Western, Canada	32,570	19,819
Western Casualty	230,526	150,520
Western Reserve Mut.	287,493	193,216
Wolverine	840,548	361,927
Yorkshire	32,279	21,135
Zurich	261,701	148,108

Auto PDL

	Direct Premiums $	Direct Losses $
Nationwide Mut.	**7,616,928**	**5,039,672**
Buckeye Union Casualty	**4,008,742**	**2,201,993**
State Auto	**4,002,769**	**2,325,623**
Allstate	**3,205,487**	**1,810,531**
Travelers Indem.	**3,021,741**	**1,699,994**
Ohio Casualty	**2,493,160**	**1,279,533**
Motorists Mut.	**2,251,684**	**1,266,608**
Ohio Farmers Indem.	**1,904,745**	**1,030,615**
Aetna Casualty	**1,726,355**	**967,966**
Amer. States	**1,400,573**	**832,510**
Aetna Fire	194,171	77,630
Agricultural	64,949	27,161
Amer. Auto.	1,211,847	768,412
Amer. Casualty	546,123	383,122
Amer. Employers	165,982	85,080
Amer. Farmers Mut.	167,601	116,062
American F.&C.	707,785	422,891
American Guarantee	60,967	44,490
Amer. Hardware Mut.	130,915	64,815
Amer. Indemnity	83,529	60,521
American	347,486	288,370
Amer. Motorists	256,373	124,167
Amer. Mut. Liability	66,583	41,308
Amer. National Fire	29,593	19,893
Amer. Surety	266,238	151,639
Auto. Club	131,073	78,957
Auto-Owners	763,167	437,124
Beacon Mut. Indemnity	848,773	437,200
Boston	55,053	31,579
Celina Mutual	1,183,980	707,244
Central Mut.	68,799	27,104
Century Indem.	2,340	48,643
Citizens Casualty	95,422	41,977
Columbia Casualty	103,940	57,834
Commercial	270,937	194,829
Continental Casualty	1,141,303	741,559
Empire State	33,917	18,004
Employers Liability	276,918	147,254
Employers Mut. Liab.	33,255	14,008
Factory Mut. Liab.	145,960	60,612
Federal	86,007	37,265
Fidelity & Casualty	457,644	255,226
Fidelity Mut.	43,355	30,304
Fire Assn.	53,798	14,265
Fireman's Fund Indem.	195,227	87,161
Franklin F.&C.	37,735	16,237
General Accident Fire	849,351	471,261
General	125,152	70,713
Glens Falls	214,393	130,655
Globe Indem.	277,734	218,228
Government Employees	182,396	91,639
Grange Mut. Casualty	1,284,931	1,119,343
Great American Indem.	211,847	147,402
Great American	53,290	16,729
Gulf, Dallas	152,538	66,005
Hardware Mut. Casualty	207,818	104,835
Hartford Accident	1,299,249	568,882
Home Indemnity	553,765	409,928
Hoosier Casualty	245,334	132,713
Indemnity of No. Amer.	713,975	401,699
Inland Mut.	129,155	73,336
Liberty Mut.	609,060	322,625
London Guarantee	49,995	31,100
Lumbermens Mut. Cas.	363,894	195,648
Lumbermens Mut.	246,549	110,064
Manufacturers Cas.	47,299	64,611
Marine	95,037	54,938
Maryland Casualty	403,315	241,623
Mass. Bonding	148,520	79,486
Merchants Indem.	288,414	171,184
Metropolitan Cas.	281,153	231,539
Mich. Mut. Liability	261,940	183,071
Mich. Surety	62,461	25,048
Midwestern Indem.	188,345	112,295
National Casualty	342,893	95,658
National Fire	46,556	112,656
National Indem.	37,489	14,313
National Mut.	61,188	23,226
National Surety	62,542	32,841
National Union Fire	107,077	9,078
National Union Indem.	95,483	87,280
Nationwide Mut. Fire	264,908	158,446
New Amsterdam Cas.	378,550	220,955
Northwestern Mut.	30,632	11,264
Northwestern National	243,966	172,703
Ocean Accident	192,949	108,971
Ohio Security	49,776	27,322
Ohio Valley	112,385	74,610
Old Colony	66,957	45,544
Pacific Employers	117,568	34,604
Peerless	115,081	57,220
Phoenix, N.Y.	63,561	34,281
Phoenix	28,180	6,234
Pioneer Mut. Casualty	617,126	251,943
Preferred	80,842	41,353
Progressive Mut.	408,144	253,595
Public National	49,679	23,289
Republic Indem.	370,816	229,738
Royal Indem.	459,715	245,407
Safeco	93,204	50,692
Safeguard	33,437	15,926
St. Paul F.&M.	410,157	237,612
St. Paul Mercury	81,813	25,312
Secured	100,945	55,318
Security	59,268	100,038
Selective	153,434	143,551
Shelby Mut.	1,216,309	770,977
Standard Accident	364,792	185,999
State Farm Mut. Auto.	757,039	529,367
Transcontinental	9,890	26,984
Trinity Universal	258,103	140,946
U. S. Casualty	61,937	39,725
U.S.F.&G.	996,712	573,748
U. S. Fire	58,767	38,494
Universal Underwriters	39,673	14,902
Wabash F.&C.	28,835	9,576
Western Casualty	189,794	145,252
Western Reserve Mut.	206,297	119,462
Wolverine	522,086	266,882
Zurich	312,455	186,076

Accident (Indiv.)

	Direct Premiums $	Direct Losses $
Travelers	**1,188,230**	**365,999**
Washington National	**829,796**	**355,917**
Continental Casualty	**642,799**	**741,943**
Aetna Life	**491,848**	**226,165**
Inter-Ocean	**420,901**	**155,372**
Combined	**402,259**	**91,864**
Liberty Mutual	**381,970**	**401,289**
Metropolitan Life	**349,033**	**147,059**
Colonial	**296,312**	**91,359**
Conn. General Life	**244,188**	**96,605**
Amer. Income Life	158,663	38,175
Amer. Mercury	10,432	25,000
Business Men's Assur.	41,630	12,135
Columbus Dispatch Read.	103,450	51,540
Columbus Mut. Life	239,581	155,111
Craftsmen	230,596	130,266
Fidelity & Casualty	192,926	18,562
Fireside Mut.	124,138	35,878
General Accident Fire	26,709	3,590
Globe Indemnity	35,042	23,953
Grange Mut. Casualty	35,680	7,942
Guar. Reserve Life	36,892	12,127
Hartford Accident	53,394	11,785
Indemnity of No. Amer.	88,317	3,905
Kemba Mutual	188,329	187,712
Lincoln National Life	35,813	15,301
Maryland Casualty	62,403	25,696
Mut. Benefit H.&A.	60,215	22,043
National Casualty	117,222	57,064
Nationwide Mut.	56,904	4,393
N. Y. Life	55,384	17,064
North Amer. Acc.	43,039	8,564
Old Equity Life	28,557	1,938
Pacific Mut. Life	103,761	34,893
Progressive Mut.	88,537	31,245
Security-Conn. Life	108,086	31,809
U.S.F.&G.	31,569	11,920
Woodmen Acc. & Life	86,448	32,320

A&S (Individual)

	Direct Premiums $	Direct Losses $
Mut. Benefit H.&A.	**4,928,965**	**2,682,741**
United	**4,331,726**	**1,520,076**
National Life & Acc.	**1,167,423**	**658,284**
Grange Mut. Casualty	**989,457**	**778,874**
Continental Casualty	**878,591**	**370,050**
Washington National	**772,035**	**369,499**
Credit Life	**740,146**	**271,564**
United Benefit Life	**732,061**	**430,086**
Commonwealth Life & Acc.	**680,840**	**250,350**
Bankers Life & Cas.	**653,985**	**336,669**
Aetna Life	61,737	8,449
All American Life & Cas.	298,801	106,289
Amer. Home Mut. Life	78,587	16,082
Amer. Income Life	29,384	8,047
Atlantic Life	90,385	34,276
Bankers Ntl. Life	30,346	8,332
Bankers Security Life	34,930	1,693
Beacon Mut. Indem.	87,630	56,218
B.A.R.E.	430,767	169,765
Business Men's Assur.	208,334	87,393
Central	64,172	19,890
Central Stand. Indem.	46,881	26,002
Central Stand. Life	170,724	38,625
Conn. General Life	122,043	22,107
Constitution Life	333,286	161,528
Domestic Life & Acc.	163,661	72,794
Dunbar Life	68,932	24,444
Empire State Mut. Life	64,070	30,794
Federal Life & Cas.	549,681	147,960
Guar. Mut. Life	288,868	88,550
Hoosier Casualty	457,874	213,929
Illinois Mut. Casualty	127,084	59,689
Inter-Ocean	593,221	237,330
Inter-State	190,297	76,241
Ky. Central Life & Acc.	595,971	292,600
Liberty Mutual	28,784	12,603
Lincoln Natl. Life	87,251	31,938
Mammoth Life & Acc.	178,675	85,302
Metropolitan Cas.	48,494	24,113
Metropolitan Life	622,347	233,180
Mutual Life	81,728	9,972
National A.&H.	80,825	29,566
National Casualty	108,984	57,866
Natl. Masonic Prov.	34,296	18,785
Nationwide Mut.	233,103	100,279
N. Y. Life	43,906	14,026
North Amer. Acc.	412,798	194,379
Occidental Life	88,047	13,562
Ohio State Life	166,963	59,839
Old Equity Life	260,309	61,345
Pacific Mut. Life	529,139	212,660
Paulsen	28,020	12,420
Pennsylvania Life	50,059	3,090
Prov. Life & Acc.	374,176	176,279
Prudential	604,107	325,132
Quaker City Life	27,866	3,994
Reserve Life	197,543	87,292
Security Mut. Life	28,084	9,689
State Auto.	75,594	21,977
Superior Life	165,234	67,903
Travelers	136,216	41,141
U. S. Life	33,510	7,140
U. S. Mut. Benefit	67,031	31,106
Woodmen Acc. & Life	189,906	91,788
World	643,459	287,624

Non-Can A&S

	Direct Premiums $	Direct Losses $
Prudential	**2,974,217**	**926,644**
Paul Revere Life	**1,150,394**	**348,341**
Mass. Protective	**1,028,733**	**363,722**
Metropolitan Life	**982,127**	**406,360**
Monarch Life	**731,598**	**265,335**
Mass. Casualty	**730,502**	**224,337**
Mass. Indemnity	**610,285**	**184,687**
Lumbermens Mut. Cas.	**467,298**	**264,624**
Loyal Protective Life	**379,848**	**114,130**
Amer. Life & Accident	**350,709**	**155,954**
Constitution Life	51,755	12,071
Continental	71,014	8,074
Continental Casualty	28,185	85,758
Educators Mut. Life	61,752	29,434
Guar. Reserve Life	147,084	42,306
Guardian Life	40,590	4,979
Ky. Central Life & Acc.	284,638	97,475
Lincoln National Life	54,040	4,081
Mammoth Life & Acc.	56,514	33,488
Mutual Life	52,301	13,797
National Life & Acc.	298,223	59,114
National Masonic Prov.	82,630	28,423
N.Y. Life	120,470	11,508
Old Equity Life	165,794	66,762
Pacific Mutual Life	34,900	200,874
Prov. Life & Acc.	71,444	11,180
Prov. Mutual Life	28,910	1,623
Security Mutual Life	27,449	8,711
State Mutual Life	35,956	6,593
Union Mutual Life	140,477	21,525
Washington National	67,394	33,642

Group A&S

	Direct Premiums $	Direct Losses $
Metropolitan Life	**36,303,210**	**31,021,310**
Aetna Life	**22,183,170**	**20,184,236**
Prudential	**16,933,916**	**14,314,315**
Travelers	**14,363,085**	**13,233,099**
Equitable Life	**13,883,785**	**11,223,782**
John Hancock Mut.	**5,802,237**	**4,523,892**
Conn. General Life	**4,772,849**	**3,876,101**
Union Labor Life	**4,287,218**	**3,833,323**
Nationwide Mut.	**3,798,492**	**2,736,269**
Continental	**3,254,803**	**2,842,860**
All American Life	43,546	76,187
Amalgamated Labor Life	60,807	46,771
Amer. Bankers Life	72,443	1,581
Associated Indem.	31,792	20,015
Bankers Life & Cas.	680,724	536,403
Bankers Life	444,305	340,327
B.A.R.E.	1,530,674	1,381,816
Brotherhood Mut. Life	46,531	22,500
Business Men's Assur.	769,830	481,443
Columbian Natl. Life	32,928	25,734
Commercial	676,506	404,643
Continental Casualty	2,434,407	1,413,775
Educators Mut. Life	229,783	139,875
Federal Life	33,063	12,629
General Accident Fire	25,884	20,804
General Amer. Life	304,561	277,279
Globe Indemnity	29,337	21,470
Great-West Life	349,460	241,591
Hardware Mut. Cas.	313,312	257,430
Hartford Accident	101,512	46,558
Health Service	605,744	301,901
Home Life	38,841	33,687
Hoosier Casualty	358,838	225,384
Indemnity of No. Amer.	577,956	117,319
Inter-Ocean	132,218	93,226
Kentucky Central Life	203,234	48,182
Liberty Mutual	353,186	388,686
Life, Va.	37,796	35,454
Lincoln Natl. Life	1,306,041	1,223,001
Lumbermens Mut. Cas.	413,449	239,302
Maryland Casualty	82,880	52,834
Mass. Mut. Life	648,702	439,905
Medical Indemnity	336,467	117,407
Metropolitan Cas.	1,192,437	739,892
Ministers Life	124,169	96,043
Mount Vernon Life	71,804	58,075
Mut. Benefit H.&A.	43,124	31,961
Mutual Life	90,354	60,954
National Casualty	612,383	477,833
National Life & Acc.	69,783	62,771
New England Mut.	188,674	92,465
N. Y. Life	1,028,651	859,400
Occidental Life	1,574,198	1,486,956
Ohio State Life	210,035	135,793
Old Republic Life	167,285	105,623
Old Security Life	66,224	19,800
Pacific Mutual Life	1,320,268	973,819
Pan-American Life	25,329	14,292
Paul Revere Life	1,075,606	972,581
Paulsen	29,373	9,876
Pioneer Mut. Casualty	89,358	52,664
Provident Life & Acc.	2,189,644	2,449,181
Royal Indem.	26,798	18,644
State Mut. Life	528,185	326,324
United Benefit Life	78,429	53,242
Union Mut. Life	50,413	19,739
U. S. Life	65,613	47,309
Washington National	588,418	405,152
West. & South. Life	67,941	300,108
Woodmen Acc. & Life	141,731	97,728
Zurich	862,006	697,469

Workmen's Compensation

	Direct Premiums $	Direct Losses $
Aetna Casualty	140,707	10,202
General Reins.	41,058	....
Globe Indem.	111,887	24,591
Indemnity of No. Amer.	88,479	3,905
New Amsterdam Casualty	47,194	58,238
Travelers	28,457	25,085

Hospital & Medical (Indiv.)

	Direct Premiums $	Direct Losses $
Blue Cross, N.W. Ohio	**54,491,197**	**48,643,619**
Hospital Care	**12,628,060**	**3,884,634**
Hosp. Serv., Toledo	**10,537,661**	**9,914,666**
Central Hosp. Service	**10,034,491**	**8,863,682**
Assoc. Hosp. Service	**8,862,556**	**8,295,088**
Medical Mut., Cleve.	**8,232,094**	**6,620,942**
Bankers Life & Cas.	**6,568,823**	**3,772,855**
Hospital Service	**4,766,563**	**4,454,744**
Mut. Benefit H.&A.	**3,077,886**	**1,674,606**
Reserve Life	**2,678,049**	**1,411,964**
Aetna Life	37,423	15,366
Allegheny Mut. Cas.	25,058	17,388
Amer. Farmers Mut.	29,756	12,055
Amer. Health	51,096	22,773
Amer. Income Life	59,664	11,223
Amer. National	51,997	28,140
Amer. Progressive Health	254,999	33,617
Atlantic Life	36,555	9,258
Beacon Mut. Indem.	224,697	127,254
B.A.R.E.	78,412	31,231
Business Men's Assur.	73,627	29,671
Celina Mutual	49,048	21,482
Central	128,123	56,217
Central Stand. Indem.	32,394	17,802
Central Stand. Life	53,112	19,514
Columbus Mut. Life	53,388	21,112
Combined	33,469	19,564
Commercial	29,520	15,269
Conn. General Life	36,711	5,224
Constitution Life	282,019	183,950
Continental	25,829	15,897
Continental Casualty	788,856	273,081
Domestic Life & Acc.	133,593	48,705
Dunbar Life	29,427	10,481
Educators Mut. Life	64,164	39,165
Equitable Life	39,959	10,155
Farmers & Traders Life	50,862	23,605
Federal Life & Cas.	271,015	104,492
Fidel. Interstate Life	178,639	47,451
Girardian	88,301	16,009
Globe Indemnity	29,219	11,067
Grange Mut. Casualty	25,818	8,911
Guarantee Reserve Life	157,106	68,678
Hartford Accident	35,790	7,241
Hosp. Serv. Lick Cnty	166,307	147,543
Hosp. Serv., Lima	1,087,786	347,794
Independence Life	27,669	4,115
Inter-Ocean	730,544	286,996
Jefferson Natl. Life	33,348	18,803
Life, America	86,975	38,156
Life, Va.	122,649	51,482
Lincoln Natl. Life	31,792	12,282
Lumbermens Mut. Cas.	38,826	15,178
Mammoth Life & Acc.	80,571	19,955
Metropolitan Cas.	107,843	55,388
Metropolitan Life	97,625	48,374
Monarch Life	52,507	19,422
National A.&H.	44,775	18,442
National Casualty	127,202	65,602
Natl. Home Life	40,015	9,075
Natl. Masonic Prov.	44,864	12,179
Nationwide Mut.	402,879	164,800
North Amer. Life	31,878	10,624
Occidental Life	27,150	13,004
Ohio State Life	28,187	10,080
Old Equity Life	824,486	518,673
Pacific Mut. Life	37,606	15,197
Pioneer Mut. Casualty	213,625	115,177
Royal Indemnity	32,103	15,047

	Direct Premiums $	Direct Losses $
St. Paul F.&M.	50,646	19,025
Supreme Liberty Life	170,609	56,028
Travelers	199,578	100,442
United Benefit Life	200,309	112,370
United	227,089	93,417
Washington National	35,591	18,871
Woodmen Acc. & Life	229,202	110,930
World	69,179	41,918

BI Not Auto

	Direct Premiums $	Direct Losses $
Aetna Casualty	2,235,309	579,239
Buckeye Union Casualty	1,785,496	540,208
Travelers	1,621,540	705,066
U.S.F.&G.	1,235,177	284,914
Ohio Casualty	1,114,394	283,913
Indemnity of No. Amer.	1,109,018	227,725
Continental Casualty	1,075,419	365,583
Nationwide Mut.	873,740	180,526
Ohio Farmers Indem.	812,080	203,979
Hartford Accident	786,915	195,827
Aetna Fire	106,009	7,383
Allstate	148,565	36,666
Amer. Auto.	376,787	85,035
Amer. Casualty	313,047	84,737
Amer. Employers	198,340	68,475
Amer. Farmers Mut.	32,531	7,641
Amer. Guarantee	35,169	23,753
Amer. Hardware Mut.	48,321	2,122
Amer. Indem.	27,632	8,259
American	244,045	192,023
Amer. Mercury	44,634	1,063
Amer. Motorists	120,615	92,668
Amer. Mut. Liability	87,899	16,022
Amer. States	667,457	249,095
Amer. Surety	221,351	98,183
Associated Indem.	33,970	8,147
Auto-Owners	133,950	29,237
Beacon Mut. Indem.	105,623	24,168
Boston	39,728	574
Buckeye Union Fire	67,151	6,677
Celina Mutual	166,685	33,687
Century Indem.	3,742	25,911
Citizens Casualty	38,400	3,441
Columbia Casualty	75,109	8,158
Commercial	196,470	198,758
Employers Liability	380,315	76,316
Federal	253,173	86,502
Fidelity & Casualty	443,830	188,392
Fire Assn.	34,141	1,467
Fireman's Fund Indem	176,802	18,934
General Accident Fire	545,608	184,947
General	111,056	22,578
Glens Falls	181,096	53,733
Globe Indem.	371,758	105,081
Grange Mut. Casualty	109,465	23,997
Great American Indem.	187,907	45,402
Great Central	39,101	7,783
Hardware Mut. Casualty	55,218	7,407
Home Indem.	280,862	319,948
Hoosier Casualty	47,634	6,026
Liberty Mut.	598,063	439,125
London Guarantee	36,675	25,269
Lumbermens Mut. Cas.	36,144	4,049
Lumbermens Mut.	66,069	3,911
Manufacturers Cas.	66,687	42,328
Maryland Casualty	554,440	212,509
Mass. Bonding	109,354	25,687
Mayflower	38,872	2,892
Medical Protective	206,346	53,877
Merchants Indem.	99,991	30,128
Metropolitan Cas.	103,470	32,742
Mich. Mut. Liability	145,164	31,166
Midwestern Indem.	46,640	9,859
Motorists Mut.	233,211	43,759
National Surety	72,622	24,388
National Union Fire	51,792	5,043
National Union Indem.	51,803	16,409
New Amsterdam Cas.	444,536	191,745
Northwestern National	54,847	6,565
Ocean Accident	168,158	124,081
Old Colony	37,474	5,070
Pacific Indemnity	26,803	551
Peerless	2,225	55,621
Phoenix, N.Y.	63,421	11,806
Republic Indem.	99,140	9,611
Royal Indemnity	311,600	92,390
Safeguard	28,996	4,926
St. Paul F.&M.	489,016	85,816
St. Paul Mercury	89,531	3,550
Seaboard Surety	56,637	1,075

	Direct Premiums $	Direct Losses $
Secured	28,461	5,147
Security	22,784	13,529
Selective	382,360	113,879
Shelby Mut.	388,308	112,079
Standard Accident	259,138	53,815
State Auto.	438,052	103,682
Travelers Indem.	346,731	65,528
Trinity Universal	116,166	21,131
U. S. Casualty	110,271	33,239
U. S. Fire	53,076	2,953
Western Casualty	79,344	8,949
Western Reserve Mut.	27,907	7,918
Wolverine	137,987	22,623
Zurich	331,082	118,405

Fidelity

	Direct Premiums $	Direct Losses $
Federal	555,999	153,340
Aetna Casualty	396,876	114,519
Ohio Casualty	390,631	116,435
U.S.F.&G.	286,010	85,994
Amer. Surety	284,424	226,708
National Surety	266,939	41,888
Fidelity & Casualty	265,879	135,547
Travelers Indem.	240,870	38,209
Indemnity of No. Amer.	206,302	66,235
Maryland Casualty	200,041	229,388
Amer. Auto.	31,220	6,915
Amer. Casualty	26,371	10,268
Amer. Employers	46,464	13,033
Amer. States	29,956	4,961
Buckeye Union Casualty	159,157	20,705
Commercial	40,045	41,336
Continental Casualty	106,185	27,140
Employers Liability	67,139	49,818
Fireman's Fund Indem.	34,367	25,203
Glens Falls	51,765	1,462
Globe Indem.	80,123	20,002
Great Amer. Indem.	35,117	6,486
Hartford Accident	185,873	89,331
Home Indemnity	53,644	1,597
Liberty Mut.	67,448	53,878
Lumbermens Mut. Casualty	124,628	15,830
Mass. Bonding	24,855	6,043
New Amsterdam Casualty	55,336	1,511
Ohio Farmers Indem.	48,898	120
Royal Indem.	43,363	9,242
St. Paul F.&M.	102,725	58,616
Seaboard Surety	128,756	12,833
Standard Accident	48,206	9,128
Western Surety	41,735	....

Surety

	Direct Premiums $	Direct Losses $
Buckeye Union Casualty	643,857	75,187
Aetna Casualty	512,975	239,437
Ohio Casualty	511,869	—26,800
U.S.F.&G.	504,067	8,338
Federal	494,321	11,957
Travelers Indem.	391,149	83,538
Maryland Casualty	317,083	263,633
Western Casualty	284,438	81,245
Amer. Surety	284,424	226,708
Continental Casualty	239,389	207,998
Aetna Fire	39,659	....
Amer. Auto.	54,513	....
Amer. Casualty	96,300	795
Amer. Employers	64,229	22,844
Amer. States	65,146	253,525
Auto-Owners	14,259	46,525
Employers Liability	71,414	28,150
Fidelity & Casualty	140,545	10,118
Fireman's Fund Indem.	59,757	1,031
General	66,047	13,341
Glens Falls	128,761	3,660
Globe Indem.	57,335	138,221
Great American	39,527	1,132
Hartford Accident	137,153	242
Home Indemnity	82,722	539
Indemnity of No. Amer.	147,486	16,555

	Direct Premiums $	Direct Losses $
Manufacturers Cas.	25,547	119,204
Mass. Bonding	61,734	57,504
Mich. Surety	33,270	825
Midwestern Indem.	32,807	9,476
National Surety	187,740	2,151
New Amsterdam Cas.	84,080	240
Ohio Farmers Indem.	59,540	....
Peerless	94,180	256,833
Royal Indem.	63,511	....
St. Paul F.&M.	202,560	153
Seaboard Surety	169,886	1,994
Standard Accident	132,296	79,592
Summit Fidelity	77,697	1,069
Transcontinental	951	441,910
Trinity Universal	135,599	22
United Pacific	24,899	73,165
U. S. Casualty	26,023	....
Western Surety	120,448	6,080

Glass

	Direct Premiums $	Direct Losses $
Travelers Indem.	173,968	44,440
Aetna Casualty	148,516	35,330
Buckeye Union Casualty	135,501	72,187
Shelby Mut.	105,430	71,347
Ohio Casualty	102,652	48,111
Hartford Accident	68,148	18,971
Fidelity & Casualty	67,915	15,700
Maryland Casualty	67,214	24,716
Amer. States	65,188	35,544
Ohio Farmers Indem.	62,752	38,259
Amer. Auto.	36,046	14,392
Amer. Casualty	28,250	15,650

	Direct Premiums $	Direct Losses $
American	39,215	20,188
Amer. Surety	28,050	8,775
Celina Mutual	27,450	17,276
Continental Casualty	48,553	14,526
Globe Indemnity	57,070	17,198
Home Indemnity	52,197	24,849
Indemnity of No. Amer.	31,707	13,782
National Surety	30,305	13,360
New Amsterdam Casualty	45,916	18,616
Royal Indem.	42,235	13,084
St. Paul F.&M.	29,460	14,455
Standard Accident	33,595	11,011
State Auto.	32,203	15,965

Burglary and Theft

	Direct Premiums $	Direct Losses $
Travelers Indem.	516,913	199,705
Buckeye Union Casualty	427,187	192,819
Aetna Casualty	366,306	105,303
Great Central	360,568	439,097
Ohio Casualty	288,771	113,151
Hartford Accident	249,610	46,222
U.S.F.&G.	208,677	102,755
Indemnity of No. Amer.	202,136	64,354
Ohio Farmers Indem.	165,963	74,922
Amer. States	148,285	62,355
Aetna Fire	53,590	3,690
Amer. Auto.	85,138	57,636
Amer. Casualty	82,013	60,860
Amer. Employers	55,245	14,681
American	41,941	45,033

	Direct Premiums $	Direct Losses $
Amer. Surety	85,460	17,655
Auto-Owners	31,269	15,636
Buckeye Union Fire	79,715	12,261
Celina Mutual	28,788	17,543
Commercial	26,266	7,008
Continental Casualty	146,169	77,521
Employers Liability	26,754	21,224
Federal	29,076	8,212
Fidelity & Casualty	143,020	50,445
Fireman's Fund	49,734	13,086
General Accident Fire	67,533	24,184
General	34,141	15,731
Glens Falls	46,541	14,509
Globe Indem.	74,729	29,844
Great Amer. Indem.	35,409	13,143
Home Indemnity	89,950	42,842
Liberty Mut.	47,126	16,762
Lumbermens Mut. Casualty	31,226	15,647
Maryland Casualty	132,843	61,289
Mass. Bonding	22,886	6,670
National Surety	132,779	77,199
Nationwide Mut.	134,083	68,276
New Amsterdam Casualty	65,753	17,387
Royal Indem.	59,484	46,106
St. Paul F.&M.	87,143	22,663
Shelby Mutual	64,926	37,362
Standard Accident	58,935	18,686
State Auto.	90,303	46,038
Trinity Universal	28,568	11,668
Wolverine	44,893	19,579

Boiler & Machinery

	Direct Premiums $	Direct Losses $
Amer. Employers	36,154	2,456
Amer. Motorists	108,469	11,256
Buckeye Union Casualty	107,324	9,815
Columbia Casualty	25,503	7,060
Employers Liability	47,076	7,276
Fidelity & Casualty	111,940	60,110
Globe Indem.	42,002	10,423
Hartford Steam Boiler	1,690,012	348,654
Lumbermens Mut. Cas.	352,313	49,215
Maryland Casualty	126,317	27,426
Mut. Boiler & Machinery	750,194	50,514
Ocean Accident	108,748	30,603
Royal Indem.	82,347	16,555
Travelers Indem.	404,502	325,809

PDL (Not Auto)

	Direct Premiums $	Direct Losses $
Buckeye Union Casualty	754,312	199,187
Aetna Casualty	732,004	622,386
Travelers Indem.	628,843	303,638
Indemnity of No. Amer.	463,432	121,151
Ohio Casualty	376,292	98,671
Continental Casualty	360,423	174,829
Hartford Accident	340,363	56,836
Maryland Casualty	307,749	96,081
Ohio Farmers Indem.	261,927	61,633
U.S.F.&G.	235,801	88,865
Aetna Fire	27,843	4,794
Amer. Auto.	141,310	25,146
Amer. Casualty	86,318	12,885
Amer. Employers	88,998	28,787
American	117,779	49,138
Amer. Motorists	101,661	19,433
Amer. Mut. Liability	38,492	3,911
Amer. States	222,084	85,522
Amer. Surety	66,952	47,738
Auto-Owners	35,487	12,255
Celina Mutual	39,386	18,306
Commercial	62,842	22,498
Employers Liability	151,672	97,308
Federal	87,113	23,049
Fidelity & Casualty	163,813	67,879
Fireman's Fund Indem.	55,627	11,697
General Accident Fire	164,362	51,305
General	40,841	7,139
Glens Falls	55,626	11,080
Globe Indemnity	122,236	22,422
Grange Mut. Casualty	69,070	17,274
Great American Indem.	56,411	20,550
Great Central	27,355	7,060
Home Indemnity	78,182	25,147
Liberty Mut.	220,695	57,535
Lumbermens Mut. Cas.	36,144	4,049
Manufacturers Cas.	31,327	10,640
Mich. Mut. Liability	42,756	9,241
Motorists Mut.	74,310	21,075
National Surety	35,411	4,741
Nationwide Mut.	187,719	96,472
New Amsterdam Cas.	112,913	51,945
Ocean Accident	76,809	16,121
Royal Indem.	88,829	27,469
St. Paul F.&M.	203,299	96,057
Shelby Mutual	72,917	22,056
Standard Accident	83,638	24,271
State Auto.	118,796	46,276
Trinity Universal	30,375	5,893
Western Casualty	28,617	14,619
Wolverine	66,757	16,295
Zurich	103,436	83,747

Aircraft PHD

	Direct Premiums $	Direct Losses $
American	29,089	2,070
Amer. Mercury	78,679	52,200
Federal	40,375	31,798
Fireman's Fund	33,438	367
Fireman's, N.J.	6,237	417,898
Hartford Fire	43,560	2,519
Indemnity of No. Amer.	101,192	133,257
North America	73,874	39,332
Northern, London	47,972	57,132
Ohio Casualty	68,437	45,740
Philadelphia F.&M.	28,564	12,493
Quincy Mut. Fire	54,320	27,372
Travelers Indem.	32,493	12,498
Zurich	25,350	208,798

Checking Avoidable Losses Would Bring Profit Closer

R. L. Maxwell, vice-president of Home, states in an article in Babaco *News* that part of the unsatisfactory loss experience of the past two years has resulted from unpredictable acts of nature, but there has been a sizeable volume of losses that might have been eliminated had measures been applied to prevent these avoidable offsets to underwriting profits.

The article said theft losses can be reduced by prevention efforts and that credits for protective devices are a factor in these programs. One such credit is in the new commercial property coverage, and, according to Mr. Maxwell, in the case of the truck burglary alarm, this credit is often sufficient to pay for the device. The theft of goods in transit was cited as an important area of needed loss prevention.

Ga. Inquiry Committee Ignores Go Slow Warning

The Georgia legislative committee investigating fire and auto rate increases that went into effect earlier this year will pursue its inquiries despite a telegram to Frank S. Twitty, state representative and committee chairman, warning the group to "go slow." The name signed to the telegram apparently was a pseudonym.

Mr. Twitty said the committee will visit insurance regulatory offices at Richmond, Raleigh, and Nashville, and would conduct a two or three day hearing in Atlanta before filing its report before the May 21 deadline.

Ben F. Fronk insurance agency of Manitowoc, Wis., has assumed the business of the Franz-Schmitz-Kadow Company agency. The absorbed agency was founded in 1875 by the late John Franz Sr., and the disposition followed the deaths last year of Wenzel C. Kadow, owner, and a son, Eugene L., associate.

NAIA Urged To Live Up To Advertising

James R. Mathews, director of advertising of National Assn. of Insurance Agents, told Southern Agents Conference at Miami Beach that agents should live up to the NAIA ads.

"Until this advertising program was undertaken," he said, "the public, generally speaking, looked upon insurance agents as all of the same breed. They did not distinguish between independent stock agents and the others, such as mutual agents and salesmen for direct writing companies.

"Now, however, you agents are telling your story on national television and in national magazines and Sunday newspaper supplements. People are going to start comparing the different types of agents with whom they can do business. And they are going to look carefully at the claims of the independent agent who says that he 'Serves You First.'"

Cravey Tells Why He Wants Re-Do On Raises He Gave

Commissioner Cravey of Georgia has asked Fulton county superior court to dismiss suits seeking to keep him from suspending rate increases he approved last winter. He did not indicate whether he planned to reduce or cancel the controversial 15% fire and automobile liability rate increase he authorized in January.

It had been charged in four suits filed by rating bureaus and North America that Mr. Cravey yielded his authority over the rate increases by failing to disagree with them within 15 days after they were filed. But he contends that he "retains jurisdiction at all times."

After the department originally granted the increases, a storm of protest was raised by the public and members of the Georgia legislature. He then sent telegrams to insurance firms canceling the new rates and setting a public hearing. The four suits were filed seeking to block the suspension and the petitioners were granted a temporary injunction.

The commissioner's answer to the suits said he has information which indicates the new rates "may be excessive." He also asked the court to investigate and determine whether or not the rates are too high.

Show 'No Cause Of Action'

The commissioner contended that the suits show "no cause of action" and that the insurers would not suffer any loss by the suspension. He also claims that rating bureaus have no right under an act of 1947 to litigate for insurers. The proper remedy for objections to the suspensions would be through a written request to the commissioner for a hearing, he avers.

The rating bureaus involved are Southeastern Underwriters Assn., National Automobile Underwriters Assn., National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau.

In the meantime a legislative committee headed by Rep. Twitty is visiting Virginia and North Carolina to find out why rates in those states are lower. The committee has visited Mississippi, Alabama and Tennessee to find out how the insurance departments handle rate filings. The committee will hold hearings in Atlanta beginning the first week in May, at which those protesting the rate increases will be heard.

Insurance Accounting & Statistical Assn.'s Indianapolis chapter has elected Walter H. Voorhies, Indiana Insurance, president; Dale Langford, American United, vice-president; and Edward Thies, State Auto, secretary-treasurer.

Corporate Setup Provides Advantage Of Separate Tax Year

(CONTINUED FROM PAGE 14)

rate structure. Undistributed net taxable income of a corporation is subject to a normal tax rate of 30% on income not in excess of $25,000. Income in excess thereof is taxable at a rate of 52%. If we compare this tax rate structure with the rates applicable to individual income, we find that a single taxpayer will pay a tax of 30% or more on all income in excess of $6,000. On joint returns, filed by husband and wife, the same rate is reached at $12,000. All income in excess of $12,000 taxable at the rate of 30% or greater.

Naturally, there are certain disadvantages to the corporate operation of any business. Corporate income is subject to still another tax upon distribution to its stockholders in the form of dividends. Upon liquidation or dissolution of a corporation, income which has already been subject to one tax is subject to a capital gains tax upon distribution to stockholders.

However, in spite of these disadvantages, there are certain advantages in operating through corporate entities:

1) Since a corporation is considered a separate taxable entity, income may be allocated between the corporation and its owner in such manner as to have income taxable at lower rates.

2) In various instances under our tax structure, expenses and losses incurred by a corporation are presumed to be in a trade or business and deductible, whereas additional requirements are made for deductibility by unincorporated or individual taxpayers.

3) The corporation is the only remaining entity used for business purposes which can establish a taxable year different from any of its owners without the permission of the commissioner.

4) A corporation may establish an accounting method which is separate and apart from the accounting method adopted by its stockholders. Thus it may report income and expenses on an accrual method of accounting—reporting income when and as earned though not received—while its stockholders report on a cash basis.

Treated As Employe

5) A stockholder rendering services to a corporation is not treated as an owner but as an employe of the corporation. This is not so with a proprietorship or partnership. The various advantages and tax savings allowed by the internal revenue code with respect to employe benefits are equally applicable to a stockholder-officer of a corporation. As you have no doubt advised your clients, there are many aspects of employe benefits where expenses incurred for an employe are deductible by the corporation without being taxable to the employe.

6) Corporations earning less than $100,000 a year are not subject to withholding tax and are allowed to pay taxes in installments on March 15 and June 15 of the succeeding year. This means that the corporate taxpayer has an advantage of being able to retain income for a longer period, and this prolonged use of money can be a substantial advantage.

7) With proper business purpose, more than one corporation may be formed to operate a specific business venture. By reason of the increasing tax rate structure applicable to individuals, income earned in a particular year can be subject to tax rates as high as 91%. Through the use of multiple corporate entities, substantial income can be accumulated at a 30% tax bracket.

8) The code provides that a corporation may accumulate $60,000 of net income after taxes without being subject to scrutiny on the question of dividend distributions and improper accumulation of income. Income accumulated in excess of $60,000 is still not automatically subject to any penalty surtax—if the taxpayer can sustain the fact that such income is necessary for the operation of his business.

9) In the event it is decided in later years that corporate operation is no longer advisable, the corporation can be liquidated at long term capital gains rates. Many agencies have hesitated to incorporate, in the fear that the commissioner would add a goodwill value to the corporation upon liquidation and increase tax liabilities. There is substantial judicial authority to the effect that operating goodwill is retained by the individuals and is not an asset of the corporation.

In almost all instances, the real value of any insurance agency is reflected in that intangible asset represented by customer accounts. If furniture and fixtures, business equipment and the like are included in the sale, their value is relatively nominal and easy to ascertain. Accordingly, this discussion of agency purchases and sales is limited to the tax effects on the purchaser and seller when a consideration is paid and received to acquire a group of agency accounts in an operating business.

In almost all instances of sales transactions, the seller desires long term capital gain rates to be applicable to his profit. On the other hand, the purchaser, to reduce his cost of

acquisition, desires to amortize or deduct the cost of his purchase so that future income is reduced by the cost necessary to acquire the right to the income.

This is an area of purchase and sale that is relatively peculiar to the tax structure. If proper precautions are taken, it can be generally stated that a transaction can be consummated so as to give the seller capital gains—or the purchaser a deductible item of expense, the tax result being dependent upon the objectives of the parties. Unfortunately, in my experience and from the theory of judicial and statutory law involved, it is relatively impossible to accomplish both goals in the same transaction.

The theory of law is relatively simple. Goodwill of a business is a capital asset. Consideration received by the seller on the transfer of goodwill is subject to tax at capital gains rates. On the other hand, since goodwill is an intangible asset, it is not subject to depreciation or amortization by the purchaser. An intangible asset cannot be depreciated unless it has a definite useful life. The right to service the agency accounts of another comes within this class, since it cannot be proved exactly when the asset becomes valueless.

The second general rule is that consideration paid or received is usually ordinary income and expense unless there is a sale or exchange of an asset involved. This is especially true where employment or other services are involved in the consideration received.

Applying these general rules to agency sales, we find that the principal asset being purchased could be easily considered goodwill. Yet that goodwill is so related with the personal efforts of the selling agent that the asset would have little or no value without the agent's guarantee that he will no longer compete with the purchaser for the income potential represented by the accounts being sold. Thus, the consideration received upon the sale of an agency has a dual character. It could be considered received in exchange for the asset of goodwill, and create capital gains potential. Alternatively, payments could be considered in exchange for the covenant against competition and generate ordinary income.

Subsidiary To Value Of Goodwill

This does not mean that a purchaser can acquire the assets of an agency, exact a covenant against competition from the seller, arbitrarily allocate a part of the purchase price as consideration for the covenant, and then proceed to deduct that amount as a business expense. The courts have held that where goodwill is purchased for a stipulated price, the addition of a covenant against competition by the seller is not subject to separate tax treatment or allocation, but rather that the covenant is considered subsidiary to and only supporting the value of the intangible asset of goodwill acquired, and therefore no part of the purchase price is deductible.

With these general thoughts in mind and assuming that the respective tax effects are known to both parties and reflected in their negotiation of purchase price, the following general guides will tend to control tax effects:

1) If the seller's desire to obtain capital gains is decisive and controlling, the framework of the transaction should be couched in general language of sale and purchase. Payment for accounts should be considered in exchange for the transfer of goodwill, represented in part by these accounts. Covenants against competition should be included, but only for the purpose of supporting the value of goodwill transferred. In no event should a separate consideration be stated for goodwill.

2) Where the purchaser's basic objective—eliminating the competitive action of the seller—is decisive in negotiations, the procedures to secure the deductibility of the consideration paid is dependent upon the nature of the seller. It should be remembered that the goal to be attained is a separate arms' length transaction whereby the purchaser evaluates and pays a price to eliminate competition.

Procedure Is Less Complex

A) In the case of a corporate seller, the procedure necessary to separate the purchase of assets from other payments made is less complex. The purchaser either acquires the stock of the corporation or its assets. He bases the purchase price on the value of the assets and whatever items of miscellaneous goodwill may be involved. As a completely separate transaction, the purchaser enters into an agreement with those officer-stockholders whose efforts were responsible for business success. This agreement provides that in consideration of certain monies paid and to be paid, these officer-stockholders agree to refrain from competitive activity, to be available for consultation, and to cooperate in the transition of accounts to purchaser and such other protective restrictions as are part of the transaction. This agreement should have a definite term to lay the foundation for amortization of cost by the purchaser. This type of transaction

should justify the purchaser's deducting the cost of the restrictive agreement over its term. The agreement does not involve any transfer of assets. The sale of assets was consummated by the corporation, a separate entity. The consideration for the assets and the restrictive covenant were separately negotiated and do not involve the arbitrary allocation of purchase price within one agreement.

B) In those cases where the selling entity is a proprietorship or partnership, it is more difficult to separate the sale of goodwill from payments made under a restrictive covenant. This is due to the fact that the business is not considered a taxable entity, separate and apart from the individuals whose competitive activities are to be restricted Here is the area where the courts can find that all agreements are part of one sales transaction; hence, no part of the purchase price is deductible. In these cases, I would suggest the following procedures be followed in order that the purchaser be in the best position to sustain the deductibility of payments made for the restrictive covenant:

Should Be No Implication

a) The negotiations should reflect that valuation of the assets purchased and consideration to be paid for a restrictive covenant were considered separately. There should be no implication that an arbitrary allocation was made of a lump sum consideration.

b) The contract should provide separate and specific consideration for each asset acquired and the amounts to be paid to eliminate competition. In very few cases has a lump sum purchase price been subject to subsequent allocation.

c) In order to support the negative employment characteristics of the restrictive agreement, include provisions which relate to active employment. Within reasonable limits, the seller should not be hesitant to agree to consult with the purchaser, to offer advisory and consultant services, to visit clients with the purchaser and to observe similar agreements.

d) The books of the purchaser should clearly separate the purchase of each asset from the amount paid or liability incurred to eliminate the competition of the seller.

Other Procedures Are Available

The restrictive covenant is most often used when a fixed dollar amount, based upon commission volume, is paid for the right to service the accounts of the purchaser. In those instances when payments are to be made on a periodic basis or are based on the accounts' future commission volume, there are other procedures available which should sustain the purchaser's deduction of cost.

In some situations the terms of the transaction are akin to management and service contracts. Here "A" would agree to service the accounts of "B" over a stipulated term and pay "B" a percentage of income for the right. Conversely the agreement may provide that "A" will be entitled to retain a portion of the commissions for his servicing. In either case "A" should only be taxable on that portion of commissions received. Any transfer of assets is usually the subject matter of a separate agreement.

Similarly, the same type of transaction can be consummated through the use of a joint venture. "A" as the manager of the venture, agrees that "B" shall be entitled to an agreed percentage of income for the term of the agreement. At the end of the term, "A" is given the option to purchase the interest of "B" at an agreed price. The price paid to "B" is usually slightly higher than the operating assets which he contributed to the venture. Under this type of arrangement "A" and "B" would each report his agreed share of commission income.

See Chance To Avoid Group A&S Rate Control

(CONTINUED FROM PAGE 5)

authority in the commercial A&S field, which incidentally no other state grants, is based on a series of sections passed originally in the late 1930s. However, it has caused the companies virtually no trouble—far less, for example, than in New York, where the department has no statutory authority but has persistently tried to stretch the filing requirement into an approval requirement.

While the Pennsylvania requirement has caused comparatively little trouble, by no means all A&S insurers have agreed with the department's contention that the law gave the commissioner the right to regulate group A&S rates. Section 616 in the original series of provisions stated that no A&S policy could be issued or delivered unless forms, classifications and rates had been filed with an approval by the commissioner. This is the section cited by the attorney-general in the opinion relied upon by Commissioner Smith.

Basis For Contention Cited

The basis for the companies' contention that they were not required to get rate approval—a contention tacitly conceded by a former commissioner in dropping the matter—was in former section 621.1, which dealt with group insurance and said that "forms" for it must be filed in accordance with section 616, but said nothing about rates.

Companies that objected to getting rate approval for group A&S contended that "in accordance with section 616" referred only to the prescribed mechanical procedure for filing forms—in which case there was no basis for requiring rate approval. In 1955 the reference to section 616 was removed and the reference now is to a very generalized section—354—covering the filing of all forms for all lines of insurance and making no reference at all to rates. Company lawyers contend that this clarifies any possible ambiguity there may have been in the old section 616 reference and makes it clear that there is no basis whatever for the commissioner's claim to the right to regulate group A&S rates.

Highway Underwriters In Tex. Department Doghouse

The Texas department has cancelled the license of Highway Underwriters of Austin, a reciprocal which reportedly has a $397,290 deficit involving various unreported transactions.

Smith F. Brandom, Jr. is the attorney in fact. The order revoking the license alleges that Mr. Brandom took over from Joe C. Carrington, and had stated that "it is his intention to remove and transfer the assets and business operations of Highway Insurance Underwriters from the state of Texas to the state of Missouri."

John J. Haggerty, former vice-president and southern department manager of Pacific National, has purchased Certified Personnel Service, Peachtree building, Atlanta, and will specialize in insurance personnel in the southeastern states.

Independent Adjusters Meet In Boston

(CONTINUED FROM PAGE 4)

only is there concern with fire losses, windstorms, hurricanes, and the like, but presently, the business is struggling with questions involving landslides and mud removal, which are without precedent.

"It should not be necessary for me to cite examples of the acts of omission and commission which we are attempting to correct through the use of specified standards," he remarked. "The economic position in which we find ourselves today requires affirmative action. Every intelligent effort must be made to provide a framework within which we can all do a better job."

The program, which is being distributed in booklet form to independent adjusters and loss personnel of member companies of the bureau, lists four major points of company-adjuster relationships. They are: Selection of adjusting personnel; establishment of procedures and standards for adjusters; procedures and standards for company loss department personnel; and uniform and consistent support of program by member companies. The program took nearly a year in formulation by a joint committee of company loss managers and independent adjusters.

Is Restatement Of Sound Principles

Mr. Davis said the program is "fundamentally a restatement of sound adjusting principles and practices." He emphasized, however, certain provisions that represent a departure from past custom and practice. These include the requirement of company confirmation of assignment on all business interruption losses, reporting form losses in excess of $1,000 and losses of any type over $5,000.

As another innovation, the program also requires that companies "will expect to have an opportunity to examine all questions of liability *before* their rights have been waived at the local level."

Also, "the adjuster must personally inspect the loss or damage for which he proposes to recommend payment," and "original details must henceforth accompany proof of loss." Mr. Davis stressed the provision that "the retaining of accountants, attorneys, salvors, and other experts may not be made without the express consent of the company;" and, "in an effort to recognize talent, or the lack of it, statements of loss will henceforth clearly indicate the name of the adjuster who personally handled the loss."

NACCA Assailed

National Assn. of Claimants Compensation Attorneys came in for a good going over from Vestal Lemmon, general manager of National Assn. of Independent Insurers, who termed NACCA "an unvarnished pressure group."

"When NACCA was founded in 1946," Mr. Lemmon said, "its original purpose to improve the skill and competency of plaintiff lawyers as a group was commendable. Today, however, it carries on an open and militant campaign to increase the frequency and size of damage awards and settlements."

He cited a number of instances in recent years when NACCA spokesmen asserted that if rate increases were necessary to sustain "adequate awards" they would be the first to urge such increases. He then noted that when the companies' recent requests for sorely needed increases came under fire in some states, those same NACCA spokesmen did an abrupt about face and clamored for an investigation.

Mr. Lemmon quoted from an address by Perry Nichols, current NACCA president, which was made at a University of Florida seminar in 1953: "I think the time has come that we should stop slugging each other, that we should start thinking for the mutual benefit for all of us . . . The insurance industry should be defended on that question of the increases in rates . . . wherever there is actually a need for increases I think it is the duty and responsibility of the recipients of it to help the insurance companies have the increase . . ."

Last Feb. 21, however, Mr. Nichols told a NACCA convention in New Orleans that a federal agency will have to govern the insurance industry unless companies put their own houses in order, Mr. Lemmon said.

"Mr. Nichols also said: 'There is no regulatory body on a national level to govern such things as premium rates. I think that if not a regulatory body, we should at least have an investigation into these outlandish rates,'" Mr. Lemmon added.

Mr. Lemmon pictured NACCA as waging an effective propaganda campaign for the sympathies of several groups—juries, state legislators, the judiciary, and the general public.

Fireman's Fund Enters Economy Auto Arena

(CONTINUED FROM PAGE 5)

has not been able to secure his share" of the auto market. He explained that there must be a demonstrated ability to reduce the cost of marketing and the price of the product or "there can be no reason to assume this popular movement toward this kind of competitor will not continue and ultimately prove damaging to other important classes of our producers' business."

The Fireman's Fund plan will retain the identity of the producer as servicing agent or broker. Ownership or control of the business is safeguarded, but the company will use electronic equipment at the home office to assume the administrative tasks involved in writing and servicing policies, leaving producers with more time for sales. As part of the program, advertising aids will be offered those who write the "Economy Plus Auto Insurance."

The Home F.&M. policy will provide comprehensive, $50 and $100 deductible collision, BI up to $300,000 PDL up to $10,000, and family protection coverage. Private passenger and utility autos not used for business will be eligible.

The agent will complete the application, rate the risk, get the insured to sign the application, and collect the six month gross premium which he will forward to the company. Accepted policies will be returned to the agent for delivery and the commissions will be remitted monthly. Renewals will be billed directly to the insured with a copy to the agent, and the agents will be notified of non-payment.

American Casualty's Indiana service office has moved to 1811 North Meridian street, Indianapolis The offices are in a building designed for joint occupancy by the company and Wells & Co., Indiana managers of the group.

Chicago Brokers Castigate The Insurers

(CONTINUED FROM PAGE 2)

association, who said the meeting was designed to "promote cooperation, understanding and betterment of the business for producers, companies and insured," and in the same breath proceeded to berate the companies for failing to take the producers into conference on the matter of commissions and said there seems to be a possibility of concert of action by the companies in the commission situation which is being investigated by the association's attorney. He explained the mass meeting was called to bring these matters and others into the open in the hope that publicity about the distress of the Chicago producers would help effect a remedy.

At the front of the room and off to one side was a table at which five persons were seated as members of a "panel" whose job was to answer the questions of the brokers. Those cast in this unhappy role were F. Kenneth Hinton of Stewart, Smith (Ill.); Wade Fetzer Jr., president of W. A. Alexander & Co. general agency; W. H. Rutherford, manager of Hartford Accident; D. C. Peterson, president of Mercury Mutual, and L. A. Berman of the Illinois department.

Question On Accusation?

Bernard Epton of Epton, Scott, McCarthy & Epton was "parliamentarian" and received the questions for delivery to the "panel." He did a good job of keeping the meeting in order, even though he had difficulty in determining whether some of those speaking really had a question to ask, or just a grievance to air.

The brokers had only three questions on their minds, in reality, and the answers to them were nearly impossible to obtain. What they wanted to know was: What about commission cuts on automobile insurance? What about the markets for auto and other lines? What about cancellations?

They got a straight answer on markets from Wade Fetzer, who said W. A. Alexander & Co., one of the largest agencies in the city and one mentioned as not opening its doors to new broker accounts, does not intend to take on new brokers at this time. Why should Alexander, which is having troubles of its own with loss ratios on auto and with markets, turn around and offer facilities to brokers who in the past have been competing with the agency and would be, actually, only fair weather friends? he wondered. The lines that are being kept open are for the faithful brokers who have been with the agency and not for former competitors, he said.

Tells Hartford Policy

Mr. Rutherford added to this the statement that while he recognizes brokers are in a bad way in the market, the discussion at the meeting did not mention that the companies have problems. Hartford Accident has made no commission cuts as yet, he said, but it is not absorbing any new business from any new brokers until the situation levels off.

After a first question on the innocuous subject of maintaining high standards for agents and brokers, the session got into its raison d'etre with a query about how companies can justify wholesale cancellations direct to insured bypassing the producer. Both Mr. Rutherford and Mr. Fetzer said they had no personal knowledge of such things being done, but on a show of hands about 20 to 25 brokers said they had experienced this. One of the brokers called it "a dirty trick" and "unethical" and this drew applause.

Most of the brokers failed to state a question when given the floor; instead they used their time to launch charges against the companies for such things as not caring about the brokers, not being "gamblers" enough to take business, or acting as though they were doing a favor to accept risks.

An especially disheartening note was injected by one broker who commented that the average client is not in sympathy with the broker any more than the company, and if a better price can be obtained or a more attractive offer comes along, that client is gone and the broker is high and dry. The feeling of customers, this broker remarked, is that brokers are not doing the sort of job that classifies them as professionals.

Of the estimated 200 persons who showed up for the mass meeting, a good many were curiosity seekers. They made quick exits when it became apparent that the only thing that was going to come out of the meeting was a series of accusations by brokers on how nasty the companies have been. Mr. Epton, confronted with a fast disappearing audience, attempted to keep things on the track, but having committed himself to a policy of recognizing anyone who wanted to speak, had to put up with harangues by a number of people who wanted to second the motion in their own way on such matters as cancellations, qualified producers, etc, etc, etc.

One broker wanted to know, if burglary and theft losses were reduced, would commissions be increased for that line? It was pointed out that no one had heard of any company reducing commissions in the burglary and theft field, but the question stood as an indication of the prevailing thinking.

This was one of the most unconstructive meetings in insurance history.

Insurers Are Ranked By Premium Volume

(CONTINUED FROM PAGE 2)

Rank '56	Rank '57		1957 Premiums $
11.	11.	Ins. Co. of North Amer.	180,225,804
12.	12.	Hartford Fire	158,543,255
15.	13.	Lumbermens Mutual Cas.	132,593,879
17.	14.	Nationwide Mutual	126,286,486
19.	15.	Indem. of No. Amer.	125,723,364
13.	16.	General Exchange	125,333,169
14.	17.	Fireman's Fund	125,084,954
28.	18.	St. Paul F.&M.	121,250,827
18.	19.	Maryland Casualty	119,032,059
16.	20.	Fidelity & Casualty	113,038,187
22.	21.	American	107,120,169
21.	22.	Employers Mut. Liab.	106,750,301
20.	23.	Aetna Fire	103,246,598
23.	24.	Farmers Exchange	96,884,873
24.	25.	Firemen's	81,900,198
26.	26.	Glens Falls	80,655,162
27.	27.	Great American	80,040,737
29.	28.	Amer. Mut. Liab.	73,798,244
34.	29.	Zurich	73,706,328
39.	30.	General of Seattle	73,508,756
35.	31.	Continental	72,428,511
33.	32.	Employers Liab.	71,795,325
31.	33.	Hardware Mut. Cas.	69,443,234
32.	34.	General Accident	66,777,036
37.	35.	Standard Accident	66,744,213
36.	36.	New Amsterdam	64,607,940
40.	37.	Federal	59,261,115
.....	38.	Niagara Fire	57,953,689
42.	39.	Fidelity-Phenix	57,742,473
41.	40.	Ohio Casualty	55,569,639
44.	41.	Phoenix, Conn.	54,090,338
45.	42.	Northwestern Mut.	51,664,187
43.	43.	U. S. Fire	51,548,508
30.	44.	National Fire	49,357,560
46.	45.	Springfield F.&M.	48,238,860
50.	46.	American Surety	47,247,698
.....	47.	Reliance	46,779,900
49.	48.	Great Amer. Indemnity	46,461,552
47.	49.	General Reins.	45,576,841
25.	50.	American Auto	44,955,079

*Excludes life department.

Leading Stock, Mutual Companies Are Listed

In the following three tables, insurers are ranked by premium volume as to their methods of operation—stock, mutual, reciprocal or Lloyds. The listing takes in all companies writing $10 million or more.

Stock Companies

1.	Travelers	483,447,139
2.	Allstate	287,201,172
3.	Aetna Casualty	268,309,496
4.	U.S.F.&G.	250,129,356
5.	Travelers Indemnity	243,082,610
6.	Continental Casualty	238,901,689
7.	Hartford Accident	218,204,437
8.	Home	189,495,596
9.	Ins. Co. of North Amer.	180,225,804
10.	Hartford Fire	158,543,255
11.	Indem. of No. Amer.	125,723,364
12.	General Exchange	125,333,169
13.	Fireman's Fund	125,084,954
14.	St. Paul F.&M.	121,250,827
15.	Maryland Casualty	119,032,059
16.	Fidelity & Casualty	113,038,187
17.	American	107,120,169
18.	Aetna Fire	103,246,598
19.	Firemen's	81,900,198
20.	Glens Falls	80,655,162
26.	Great American	80,040,737
22.	Zurich	73,706,328
23.	General of Seattle	73,508,756
24.	Continental	72,428,511
25.	Employers Liability	71,795,325
26.	General Accident	66,777,036
27.	Standard Accident	66,744,213
28.	New Amsterdam	64,607,940
29.	Federal	59,261,115
30.	Niagara Fire	57,953,689
31.	Fidelity-Phenix	57,742,473
32.	Ohio Casualty	55,569,639
33.	Phoenix, Conn.	54,090,338
34.	U. S. Fire	51,548,508
35.	National Fire	49,357,560
36.	Springfield F.&M.	48,238,860
37.	American Surety	47,247,698
38.	Reliance	46,779,900
39.	Great Amer. Indem.	46,461,552
40.	General Reins.	45,576,841
41.	American Auto	44,955,079
42.	Amer. Motorists	42,294,859
43.	Royal Indemnity	41,991,295
44.	Home Indemnity	41,844,843
45.	Swiss Reins.	40,067,859
46.	Mass. Bonding	39,551,214
47.	Queen	39,439,337
48.	Amer. Employers	37,359,561
49.	Boston	37,061,480
50.	Amer. Casualty	36,885,607
51.	Govt. Employees	36,246,341
52.	American Reins.	36,154,216
53.	Globe Indemnity	35,959,386
54.	National Union	35,791,963
55.	Hanover	35,385,502
56.	Motors	35,047,813
57.	National Surety	34,506,194
58.	Service Fire	34,170,380
59.	Pacific Indemnity	34,008,690
60.	New Hampshire	33,107,945
61.	Connecticut Fire	32,640,721
62.	Northern, N.Y.	32,297,654
63.	North Amer. Reins.	32,138,900
64.	Industrial Indem.	31,412,111
65.	Amer. Fid. & Cas.	30,991,000
66.	Royal	30,370,638
67.	Employers Reins.	30,340,082
68.	Fireman's Fund Indem.	28,036,283
69.	Home F.&M.	28,036,283
70.	American States	27,661,665
71.	Westchester	27,577,936
72.	U. S. Casualty	27,500,245
73.	L.&L.&G.	26,431,010
74.	Allstate Fire	25,967,152
75.	Phoenix, N.Y.	25,548,387
76.	Commercial	24,572,183
77.	Metropolitan Cas.	24,572,183
78.	Milwaukee	24,572,183
79.	North River	24,551,686
80.	National Casualty	24,381,270
81.	Western Casualty	24,259,404
82.	Bituminous Cas.	23,916,578
83.	Providence Wash.	23,737,878
84.	Calvert Fire	23,180,402
85.	Potomac	23,021,321
86.	Emmco	22,754,140
87.	Safeco	22,551,605
88.	Hartford Steam Boiler	22,392,906
89.	Trinity Universal	22,388,820
90.	Pacific Employers	22,346,027
91.	Associated Indem.	22,124,310
92.	London Guarantee	22,112,751
93.	Employers Casualty	22,083,503
94.	Merchants, N.Y.	21,693,266
95.	Buckeye Union Cas.	21,662,785
96.	N.J. Manufacturers Cas.	21,561,030
97.	Pa. Manufacturers Assn.	20,856,296
98.	United Pacific	20,548,556
99.	Ocean Accident	20,523,012
100.	Fidelity & Deposit	19,548,672
101.	Ohio Farmers Indem.	19,170,748

102.	Gulf	19,934,128
103.	Century Indemnity	18,772,109
104.	Standard, N.Y.	18,772,109
105.	Agricultural	18,224,410
106.	Camden Fire	18,203,249
107.	So. Farm Bur. Cas.	17,997,612
108.	Northwestern Natl.	17,645,798
109.	Accident & Cas.	17,603,545
110.	St. Paul Mercury	17,321,547
111.	American Home	17,266,310
112.	Pacific National	17,245,504
113.	Employers Fire	17,165,234
114.	Philadelphia F.&M.	16,789,006
115.	American Equitable	16,058,067
116.	Safeguard	15,986,181
117.	Old Colony	15,883,495
118.	Commercial Union, Eng.	15,827,697
119.	Newark	15,543,739
120.	Western Fire, Kan.	15,063,817
121.	Wolverine	15,008,500
122.	Central Surety	14,981,316
123.	Republic, Tex.	14,365,795
124.	Peerless	14,293,717
125.	Pennsylvania Fire	13,450,059
126.	Star	13,323,778
127.	Ohio Farmers	12,822,959
128.	State Farm F.&C.	12,705,885
129.	Natl. Auto & Cas.	12,650,809
130.	Keystone Auto	12,534,564
131.	Pacific, N.Y.	12,520,134
132.	Reins. Corp., N.Y.	12,408,802
133.	Resolute	12,370,491
134.	North British	12,361,151
135.	Security, Conn.	12,216,745
136.	Amer. & Foreign	12,063,797
137.	General Fire & Cas.	12,058,282
138.	Pearl	11,797,780
139.	Monarch of Ohio	11,797,780
140.	Commercial Standard	11,787,268
141.	Valley Forge	11,647,926
142.	Standard Fire, Conn.	11,577,777
143.	London	11,384,350
144.	Service Casualty	11,359,463
145.	Anchor Casualty	11,162,889
146.	Columbia Casualty	11,051,337
147.	Bankers & Shippers	10,993,288
148.	Northern of London	10,713,736
149.	Manufacturers Cas.	10,535,618
150.	Sun Office	10,162,122
151.	General Security	10,046,366
152.	American Guarantee	10,009,565

Mutual Companies

1.	State Farm Mutual Auto	329,751,744
2.	Liberty Mutual	285,335,322
3.	Lumbermens Mut. Cas.	132,593,879
4.	Nationwide Mutual	126,286,486
5.	Employers Mut. Liab.	106,750,301
6.	American Mut. Liab.	73,798,244
7.	Hardware Mut. Cas.	69,443,234
8.	Northwestern Mut.	51,664,187
9.	Michigan Mut. Liab.	44,232,558
10.	Utica Mutual	35,088,145
11.	Employers Mut. Cas.	30,596,581
12.	Country Mut., Ill	29,575,012
13.	Auto-Owners	28,366,272
14.	Federated Mut. Imp. & Hdwr.	27,604,978
15.	State Auto. Mut., Ohio	27,579,052
16.	Texas Employers	26,752,767
17.	Atlantic Mutual	25,789,167
18.	Amer. Hardware Mut.	25,700,126
19.	Central Mut., Ohio	25,425,654
20.	Security Mut. Cas.	23,329,670
21.	Pa. Thresh. & Fmrs. M. C.	23,009,902
22.	Merchants Mut., N.Y.	22,858,478
23.	Shelby Mutual	22,420,717
24.	Farmers Mut. Auto, Wis.	22,020,216
25.	Iowa National Mut.	20,387,149
26.	Indiana Lumbermens	19,669,749
27.	Liberty Mut. Fire	19,501,886
28.	M.F.A. Mutual	19,236,259
29.	Hdwe. Dealers Mut.	18,755,263
30.	Grain Dealers	18,367,789
31.	Factory Mut. Liab.	18,196,767
32.	Nationwide Mut. Fire	17,708,223
33.	National Grange Mut.	17,149,109
34.	Cosmopolitan, N.Y.	16,058,181
35.	Empire Mut., N.Y.	16,011,131
36.	Harleysville Mut. Cas.	15,300,802
37.	Farm Bureau, Ind.	15,120,853
38.	Mutual Boiler	14,998,521
39.	Citizens Mut. Auto.	14,437,194
40.	Public Serv. Mut.	14,266,948
41.	Lumbermens, Ohio	13,977,492
42.	Mich. Millers Mut.	12,925,147
43.	Iowa Mutual	12,082,131
44.	Iowa Farm Mutual	12,061,600
45.	Mutual Service Cas.	12,046,198
46.	Consolidated Mut., N. Y.	11,686,618
47.	Motorists Mut.	11,413,460
48.	Amer. Manufacturers Mut.	11,214,814
49.	Farmers Mut. Hail, Ia.	10,864,555

Reciprocals And Lloyds

1.	Farmers Exchange	96,884,873
2.	Detroit Auto Club	37,477,872
3.	United Services Auto	35,659,516
4.	Auto Club of So. Cal.	35,523,460
5.	Truck Exchange	31,368,189
6.	Cal. State Auto	22,467,426
7.	London Lloyds (Ill.)	14,845,637
8.	State Auto, Ind.	14,143,241
9.	State Auto, Ia.	13,301,467
10.	Cal. Cas. Indem. Exch.	10,511,196
11.	Chicago Motor Club	10,064,663

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Agents Study Federal, Competitor Threats

(CONTINUED FROM PAGE 4)

contracts "without full discussion and agreement of the proposed changes with the interested agent."

Many times during the proceedings association leaders and officers of the Louisiana insurance department, headed by Commissioner Hayes, pointed to the "fine spirit of cooperation" between agents and regulatory officials in handling fire and casualty rates, rules and forms.

Mr. Hayes, in an extended talk on conditions in Louisiana, outlined three departmental measures to be presented to the legislature when it convenes this month. One bill is to re-enact the 1948 Louisiana insurance code, making certain editorial changes; another would make membership in bureaus compulsory for licensed companies, thereby standardizing the handling of daily reports and audits, and the third would set up stringent regulations on the sale of stock of domestic insurance and holding companies in an effort to "curb the evils of promotional schemes."

Auto Cover Deliberated

Automobile insurance figured prominently in the deliberations, with two major themes presented. Thomas H. Boate, manager of the accident prevention department of Assn. of Casualty & Surety Companies, announced that companies are answering unjust attacks, forsaking their attitude of patience, and declared that Louisiana ranks low among the states in its program for preventing traffic accidents.

At a later session, R. Newell Lusby, vice-president of America Fore group, spelled out advantages and disadvantages of proposed plans for solving the uninsured motorist problem, with the revised family auto policy as the best answer. He described the coverage in detail, emphasizing the absence of litigation through arbitration methods. On the other hand he pointed to inequalities and gaps resulting from establishment of unsatisfied claim and judgment funds and from compulsory liability insurance.

One immediate by-product of the discussions was the indication that agents and companies in Louisiana may soon set up a speakers' bureau modeled along the lines of the successful program now under way in Oklahoma, which was described by Lloyd Palmer of Oklahoma City, manager.

A. M. Slawsby, Nashua, N. H., vice-president of NAIA, speaking on "Is Commission A Knotty Word?" branded the auto coverage advertising of Allstate as "misleading" and "unethical" and announced plans to press complaints with state regulatory authorities. He added: "Our 'Big I' ads will tell the truth."

Federal Intervention Threatens

The convention also was put on notice about the "live threat" of federal intervention in a talk by Philip E. James, attorney for New Orleans Insurance Exchange. He dwelt only briefly on the federal decision against the exchange, which already has led to by-law changes.

Mr. James declared that the Justice Department has indicated that it has a dual regulatory authority with the states over the insurance business and that it intends "to move even into the rating field." He further said that the department has "covetous eyes" on taxes levied against the insurance business and further that it claims the right, in its discretion, to step in and police the insurance commissioner of a state. All indications, he added, point to the fact that there can be "no compromise" with the department since it intends to carry out its program.

Practically all intra-association matters were handled in two over-time executive sessions, including the election of officers and adoption of resolutions.

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Cut R. I. Homeowners Rates

Rates on homeowners A and B policies have been reduced by 7.5% in Rhode Island, continuing the trend in New England which brings bureau company prices closer to those of North America. Earlier the rates dropped by 10% in Massachusetts and 12% in Connecticut.

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